

AGENDA

ECONOMIC DEVELOPMENT AUTHORITY

| THURSDAY, AUGUST 6TH |

| 8:00 AM |

COUNTY ADMINISTRATION BUILDING @ BOARD OF SUPERVISORS MEETING ROOM

107 N. KENT STREET WINCHESTER, VA

1. Call to Order
2. Approval of Minutes – June 18th || ACTION
3. Treasurer’s Report || ACTION
4. Targeted Business Study || Discussion
 - *EDA consideration toward commissioning a targeted business study which would seek to validate existing targets, identify new ones, develop why Frederick County statements each target and identify competitive improvement areas for each target.*
5. Data Center Equipment Tax Rate || ACTION
 - *EDA recommendation to the County’s Finance Committee of a data center equipment tax rate.*
6. County CARES Business Grant Program || ACTION
 - *EDA consideration toward the creation of a grant program for County’s small businesses and nonprofits in response to COVID-19 using County CARES Act Federal Funding.*
7. Such other business as may come before this Authority

MINUTES
ECONOMIC DEVELOPMENT AUTHORITY
| THURSDAY, JUNE 18, 2020 |

A meeting of the Frederick County Economic Development Authority was held on Thursday, June 18, 2020, at 8:00A.M. in the County Administration Building, First Floor Conference Room, 107 North Kent Street, Winchester, Virginia.

PRESENT: Stan Crockett, Judy McCann-Slaughter, Robert Claytor, Bryan Fairbanks, Doug Rinker, and John Riley

STAFF: Patrick Barker and Donna McIlwee, Frederick County Economic Development Authority, Jay Tibbs, Deputy County Administrator, and Michael Bryan, Attorney

MEETING CALLED TO ORDER: Chairman Crockett called the meeting to order at 8:00 a.m.

APPROVAL OF MINUTES

The minutes from the March 12, 2020, meeting were presented.

On motion duly made and seconded, the minutes were approved by the following recorded vote:

J. Stanley Crockett	Aye
Robert Claytor	Aye
Bryan Fairbanks	Aye
Heather McKay	Absent
John Riley	Aye
Doug Rinker	Aye
Judy McCann-Slaughter	Aye

TREASURER'S REPORT

Mr. Barker submitted the following report:

Checking Account - Bank of Clarke County as of May 31 2020 - \$504,477.27.
Savings Account - Scott & Stringfellow as of May 31, 2020 - \$1,298,442.78.

On motion duly made and seconded, the Treasurer's Report was approved as submitted by the following recorded vote:

J. Stanley Crockett	Aye
Robert Claytor	Aye
Bryan Fairbanks	Aye
Heather McKay	Absent
John Riley	Aye
Doug Rinker	Aye
Judy McCann-Slaughter	Aye

INCENTIVE POLICY

Mr. Barker reviewed proposed changes as submitted by staff to the Incentive Policy. This document governs all aspects of the local incentive process (i.e., who qualifies, what is the approval process, who conducts the audit of the company's performance, and who reviews performance agreements). Staff suggests the EDA Board review this document annually. Building upon the approved policy from August 2017, staff has updated it to reflect current business targets, clarity on which businesses qualify for incentives, alignment with the State's incentive policy, and removal of duplication/unnecessary wording.

He further stated that the submitted agreement is an evolving document because each situation is unique and it gives flexibility to meet a customer's needs.

On motion of Mr. Rinker, seconded by Mr. Fairbanks, the document as presented was approved by the following recorded vote:

J. Stanley Crockett	Aye
Robert Claytor	Aye
Bryan Fairbanks	Aye
Heather McKay	Absent
John Riley	Aye
Doug Rinker	Aye
Judy McCann-Slaughter	Aye

BACK TO WORK GO VIRGINIA PROPOSAL

Mr. Barker explained this is a regional concept aiming to get those now unemployed due to COVID-19 re-employed into high demand, higher wage jobs. One push for the project is the uncertainty of what opportunities transitioning workers will face in their former industries, especially service workers in retail and hospitality. This proposal would provide credential tuition assistance for high demand careers to County residents whose job has been impacted by COVID. In addition, the program would include an outreach and awareness campaign.



Along with Frederick County, the City of Winchester, Page, Fauquier and Shenandoah Counties will contribute toward the necessary local match of \$200,000 to participate. Frederick County's share is \$90,400. Staff is seeking Board approval for this amount.

Mr. Claytor asked if the allocation was based on population or some other factor.

Mr. Crockett inquired if it was reasonable to expect some of the top impacted job sectors (hospitality, retail, healthcare and administration) to rebound and if the Workforce Development Center at Lord Fairfax Community College was seeing a demand for training.

Ms. McCann-Slaughter asked if the possibility of using some of the County's CARES funds to get the program started had been explored. Mr. Barker replied that those funds have to be used by the end of 2020 so classes would have to end before December 31. Jay Tibbs responded that the County is still exploring how CARES funds can be spent.

She also asked if the County will have \$180,000 for Frederick County residents (\$90,000 from EDA and matching \$90,000 from GO Virginia). Mr. Barker explained GO Virginia funds cannot be used for tuition but those funds will help with the public awareness campaign.

On motion of Mr. Claytor, seconded by Mr. Riley, the proposal for Frederick County's participation as presented was approved by the following recorded vote:

J. Stanley Crockett	Aye
Robert Claytor	Aye
Bryan Fairbanks	Aye
Heather McKay	Absent
John Riley	Aye
Doug Rinker	Aye
Judy McCann-Slaughter	Aye

TARGETED BUSINESS STUDY

Mr. Barker explained that, for over a decade, Frederick County has employed a target industry analysis to systematically identify the County's best fits relative to traded-sector businesses—those that would most benefit from the County's assets and would be willing to expand/relocate to the area and those industries that bring value to the County in the form of investment, jobs, payroll and local purchasing. Given the importance of this analysis to Frederick County's economic development activities, staff would propose that the EDA Board engage the services of a paid consultant to complete the update this year. The Virginia Economic Development Partnership recently completed an economic development strategy project which provided insight and recommendations for VEDP's sector development and economic development efforts. As part of the project, the consultant conducted a detailed competitiveness analysis of Virginia and the individual regions using select key sectors. This analysis uncovered several competitive strengths in several sectors, but also identified various



competitive weaknesses which should be addressed in order to enhance Virginia’s future competitive position. Staff’s concept would build upon the analysis and findings from the VEDP project but would refine and tailor this analysis to the specific needs of Frederick County. The cost estimate for such a project range from \$75,000 to \$100,000. Staff is seeking feedback to the concept and willingness to fund.

Mr. Fairbanks asked if the study would identify what aspects we have to attract businesses to the area and if it would identify specific industries. Mr. Barker stated it would provide a site consultant’s view of what we need to do to be more competitive.

Ms. McCann-Slaughter stated it would be helpful if the Board could read the VEDP strategy project findings and discuss at the next meeting. She also asked if the consultant would be from Virginia or a native of the area. Mr. Barker replied we would want a global perspective.

Mr. Riley stated he would like to see an outline of the process to develop an RFP, including estimated cost.

Mr. Rinker commented that he would be interested in learning what unique twist a consultant could provide in this new normal—what they think the future holds.

Mr. Crockett would like to see the expected ROI.

Mr. Barker agreed to provide more information for discussion at the next Board meeting.

SUCH OTHER BUSINESS AS MAY COME BEFORE THIS AUTHORITY

Mr. Barker announced that both the Widget competition and WoW have been cancelled.

Mr. Rinker commended the EDA’s Executive Director, Mr. Barker, for his dedication to the County’s economic development efforts. He recently contacted Mr. Barker, who was on vacation, about a possible client and Mr. Barker responded to that client while on vacation. The client, as well as Mr. Rinker, was very impressed and appreciative. He felt the Board should be made aware of Mr. Barker’s dedication.

The next Board meeting is scheduled for August 6.

ADJOURN

There being no further business to come before this Authority, the meeting was adjourned at 8:40 a.m.

Stan Crockett
Chairman

Jay Tibbs
Secretary



**TREASURER'S REPORT SYNOPSIS
ECONOMIC DEVELOPMENT AUTHORITY
July 31, 2020**

BANK OF CLARKE COUNTY

Beginning Balance - as of May 31, 2020		\$504,477.27
Total Deposits	\$500.00	
Total Disbursements	-\$501,463.00	
BALANCE AS OF July 31, 2020		\$3,514.27

SCOTT & STRINGFELLOW

Beginning Balance - as of May 31, 2020		\$1,298,442.78
Total Deposits	\$21.68	
Total Disbursements	\$0.00	
BALANCE AS OF July 31, 2020		\$1,298,464.46

TREASURER'S REPORT
ECONOMIC DEVELOPMENT AUTHORITY
July 31, 2020

BANK OF CLARKE COUNTY

Beginning Balance - as of y May 31, 2020 **\$504,477.27**

Deposits

6/22/2020 Check 1442 never received by vendor/reissued **\$500.00**

TOTAL DEPOSITS **\$500.00**

Disbursements

6/10/2020 Michael L. Bryan (Legal Fees) -\$118.00

6/22/2020 Fresh Cut Lawn Service LLC* -\$1,050.00

7/20/2020 Michael L. Bryan (Legal Fees) -\$295.00

7/31/2020 Bank of Clarke County (Cashier's Ck. Navy Federal LEDIG) -\$500,000.00

TOTAL DISBURSEMENTS **-\$501,463.00**

BALANCE AS OF July 31, 2020 **\$3,514.27**

* - Check 1442 to Fresh Cut Lawn Service, LLC in the amount of \$500 was never received by vendor. Payment was reissued 6/22/20 as part of the \$1,050.00 payment.



ECONOMIC DEVELOPMENT AUTHORITY
July 31, 2020

SCOTT & STRINGFELLOW

Beginning Balance - as of y May 31, 2020		\$1,298,442.78
<u>Deposits</u>		
6/30/2020 Interest	\$21.68	
TOTAL DEPOSITS	\$21.68	
<u>Disbursements</u>		
TOTAL DISBURSEMENTS	\$0.00	
BALANCE AS OF July 31, 2020		\$1,298,464.46

** \$707,000 represents proceeds from the sale of the Robinson School.





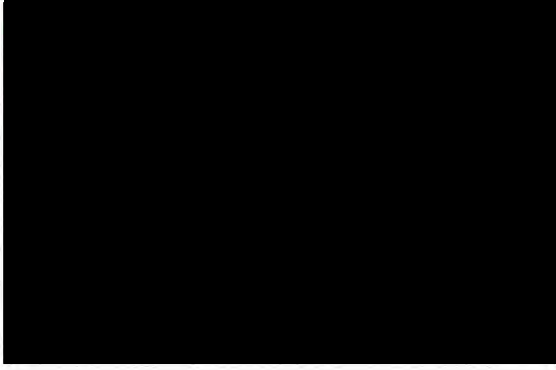
2 East Main Street
Berryville, VA 22611

Statement Ending 06/30/2020

ADDRESS SERVICE REQUESTED



ECONOMIC DEVELOPMENT AUTHORITY OF
THE COUNTY OF FREDERICK VIRGINIA



Summary of Accounts

Account Type	Account Number	Ending Balance
Public Fund Chk	[REDACTED]	\$504,859.27

Public Fund Chk [REDACTED]

Account Summary

Date	Description	Amount
06/01/2020	Beginning Balance	\$504,977.27
	0 Credit(s) This Period	\$0.00
	1 Debit(s) This Period	\$118.00
06/30/2020	Ending Balance	\$504,859.27

Checks Cleared

Check Nbr	Date	Amount
1454	06/16/2020	\$118.00

* Indicates skipped check number

Daily Balances

Date	Amount	Date	Amount
06/01/2020	\$504,977.27	06/16/2020	\$504,859.27

Overdraft and Returned Item Fees

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00



CHANGE OF ADDRESS Please visit one of our nearest branch locations (go to www.bankofclarke.bank for location information), contact our Customer Support Center at 540-955-2510 (toll-free: 800-650-8723) or log into online banking and update your information.

IMPORTANT NOTICE CONCERNING ELECTRONIC FUND TRANSFERS In case of errors or questions about your electronic transfers: call us at 540-955-2510 (toll-free: 800-650-8723) or write us at P.O. Box 391, Berryville, Virginia 22611, as soon as you can, if you think your statement is wrong or if you need more information about a transfer listed on the statement. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared. A. Provide us your name and account number. B. Describe the error or transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information. C. Tell us the dollar amount of the suspected error. We will tell you the results of our investigation within 10 business days after we hear from you and will correct any error promptly. If we need more time, we will re-credit your account for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation. For information or help on Electronic Fund Transfers, please call us at the telephone number indicated above.

IMPORTANT NOTICE CONCERNING FAIR CREDIT BILLING In case of errors or inquiries about your **ACCOUNT statement** Send your inquiry in writing on a separate sheet to: P.O. Box 391, Berryville, Virginia 22611. We must receive it within 60 days after your statement was mailed to you. Your written inquiry must include: 1. Your name and account number; 2. A description of the error and why (to the extent you can explain) you believe it is an error; and 3. The dollar amount of the suspected error. You can call us, but doing so will not preserve your rights. You remain obligated to pay the part of your statement not in dispute, but you do not have to pay any amount in dispute during the time we are resolving the dispute. During the same time, we may not take any action to collect disputed amounts or report disputed amounts as delinquent. This is a summary of your rights; a full statement of your rights and our responsibilities under the Federal Fair Credit Billing Act will be sent to you both upon request and in response to an Account Statement error notice.

IMPORTANT NOTICE FOR BANK OF CLARKE COUNTY LOAN CUSTOMERS FINANCE CHARGES Begin to accrue on the day an advance is taken on your account. The FINANCE CHARGE is computed by applying the daily periodic rate to the "average daily balance" of your loan account for the billing cycle and multiplying that amount by the total number of days in the billing cycle. The "average daily balance" is computed by applying new advances and principal reductions to the beginning balance of the account each day to get the daily balance. Then, we add up all of the daily balances for a billing cycle and divide the total by the number of days in the billing cycle to obtain the "average daily balance."



Statement Ending 06/30/2020

EMERALD COUNTY S.D.A		1454
Date June 10, 2020		
Pay to the Order of Michael T. Bryan, Esquire	\$	118.00
One hundred eighteen & 00/100 Dollars		
Bank of Clarke County 100 N. Lincoln Street Winchester, VA 22101		
For 2264-001		1454

#1454 06/16 \$118.00



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Scott &
Stringfellow

115 N CAMERON STREET
SUITE 210
WINCHESTER, VA 22601

ECONOMIC DEVELOPMENT AUTHORITY
OF THE COUNTY OF FREDERICK VA

WN39

Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

Account Activity Summary

Securities Purchased		Deposits
Securities Sold		Withdrawals
Income	42.66	Checking
Income Reinvestment	-42.66	Visa
Maturities		Automatic Activity
Other Income		Other/Money Transfer
<small>(Income not reported by this broker/dealer)</small>		

Income Summary

Taxable*	This Period	This Year
Dividends		
Money Market Dividends		
Interest	42.66	2,189.14
Accrued Interest		
Credit Interest		
Total Taxable	42.66	2,189.14
Federal Non-Taxable		
Dividends		
Money Market Dividends		
Interest		
Accrued Interest		
Total Federal Non-Taxable		
Total Income	42.66	2,189.14

* IRA or Qualified Retirement Account income is not currently taxable.

Investment Objective: Capital Preservation

Risk Tolerance: Conservative

BB&T Scott & Stringfellow is a division of BB&T Securities, LLC, member FINRA/SIPC. BB&T Securities, LLC is a wholly-owned non-bank subsidiary of Truist Financial Corporation. Securities and insurance products or annuities sold, offered, or recommended by BB&T Scott & Stringfellow are not a deposit, not FDIC insured, not guaranteed by a bank, not guaranteed by any federal government agency and may lose value. A Truist bank or non-bank subsidiary may be a lender to the issuer of securities sold through BB&T Securities. Cash on deposit at a bank participating in the Insured Deposit Program and Certificates of Deposit are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per bank in accordance with FDIC rules. Deposits in the Insured Deposit Program are not held by BB&T Securities, LLC and are not protected by SIPC.

Portfolio Summary

PREVIOUS STATEMENT: April 30, 2020

	Previous Value	Ending Value	% of Portfolio
Equities			
Non-Taxable Fixed Income			
Fixed Income			
Government & Agency Bonds			
Options, Rights, Warrants			
Limited Partnerships			
Mutual Funds			
529 Plans			
Alternative Investments			
Private Investments			
Short Securities Value			
Margin Cash Balance			
Cash Balance			
Money Market Balance			
Insured Deposit Program+	1,298,421.80	1,298,464.46	100.0
Estimated Portfolio Value	1,298,421.80	1,298,464.46	100.0%
Annuities+			

+These assets are not held at BB&T Securities, LLC. See Detail section for disclosure information. Portfolio Value does not include unpriced securities. Bond values are provided as general guidelines.



Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

ECONOMIC DEVELOPMENT AUTHORITY

Daily Account Activity

Date	Transaction	Quantity	Description	Symbol/CUSIP	Type	Price	Amount	Cash & Margin Cash Balance	Money Market & IDP Balance
BEGINNING TOTALS								.00	1,298,421.80
05-20-20	INTEREST		INSD DEPOSIT PROGRAM 052020 1,298,442		1		20.98	20.98	1,298,421.80
05-20-20	INTEREST REINVEST		INSD DEPOSIT PROGRAM		1		-20.98	.00	1,298,442.78
06-19-20	INTEREST		INSD DEPOSIT PROGRAM 061920 1,298,464		1		21.68	21.68	1,298,442.78
06-19-20	INTEREST REINVEST		INSD DEPOSIT PROGRAM		1		-21.68	.00	1,298,464.46
TOTAL								.00	1,298,464.46

Insured Deposit Program Bank Allocations

The Insured Deposit Program consists of monies held in interest-bearing deposit accounts at multiple banking institutions, some of which are affiliates of BB&T Securities, LLC. These assets are eligible for FDIC Insurance up to \$250,000 per depositor per institution per category of legal ownership for maximum FDIC Insurance coverage of \$2,500,000 on uninvested cash balances. These assets, however, are not held in your securities brokerage account carried by BB&T Securities, LLC, rather by the respective banks listed below, and therefore not covered by SIPC. Balance information that we believe to be reliable has been obtained from the program banks. BB&T Securities, LLC does not guarantee the accuracy or completeness of such information. Balances are insured up to the FDIC limits per institution, subject to the combined total of all your deposits at a specific bank by category of ownership, including those outside this account. It is your responsibility to monitor your aggregate relationship with a particular banking institution to ensure proper FDIC coverage. Please refer to the Insured Deposit Program Terms and Conditions for more detail. For any questions regarding Insured Deposit Program, please contact your Financial Advisor. Please note that BB&T Securities, LLC and your Financial Advisor receive compensation on IDP balances that may exceed that received for other money market sweep alternatives.

<u>DESCRIPTIONS</u>		<u>CURRENT VALUE</u>
Simmons Bank	Pine Bluff AR	237,500.00
Truist Bank Charlotte NC	Charlotte NC	237,500.00
Enterprise Bank and Trust	Clayton MO	5,867.52
East West Bank	Pasadena CA	237,500.00



Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

ECONOMIC DEVELOPMENT AUTHORITY

Insured Deposit Program Bank Allocations (continued)

DESCRIPTIONS		CURRENT VALUE
EagleBank	Bethesda MD	66,877.40
Bremer Bank NA	St. Paul MN	58.90
Progress Bank and Trust	Huntsville AL	38,160.64
Sterling National Bank	Montebello NY	237,500.00
BankUnited	Miami FL	237,500.00
TOTAL INSURED BANK DEPOSITS		\$1,298,464.46

Money Market/Insured Deposit Program

INSURED DEPOSIT PROGRAM		APY For This Period Was 0.02%
Summary		
Beginning Balance		1,298,421.80
Ending Balance		1,298,464.46

Please see the Insured Deposit Program Bank Allocations section for additional disclosures on the Insured Deposit Program.



Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

ECONOMIC DEVELOPMENT AUTHORITY

Important Client Messages:

SEC Regulation Best Interest:

Visit <http://bbtsecurities.com/Disclosures#RegBI> for BB&T Securities clear, easy-to-understand information related to its products and services, including disclosures relating the SEC Regulation Best Interest.

Changes to the Insured Deposit Program (IDP):

Effective on or about August 1, 2020, the following program bank will be added to the Insured Deposit Program (IDP). A copy of the IDP Program Bank Lists can be found at www.bbtsecurities.com.

BBVA USA, Birmingham, AL



Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

ECONOMIC DEVELOPMENT AUTHORITY

IMPORTANT CLIENT INFORMATION

IMPORTANT- KEEP FOR TAX PURPOSES. Please notify your financial advisor of any change of address.

- ◆ Types of Accounts: 1) Cash Account 2) Margin Account 4) When-issued Account 6) Short Account 8) Stock Loan Account 9) Annuity
- ◆ This is a combined statement of your Margin Account and of a Special Miscellaneous Account (SMA) maintained for you under Section 4(f)(6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by Regulation T is available for your inspection upon request.
- ◆ Further information with respect to commissions and other charges has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly upon request. You should also advise us of any material change in your investment objectives and/or financial situation.
- ◆ Customer free credit balances may be used in this firm's business subject to the limitations of 17 CFR Section 240.15c3-3 under the Securities Exchange Act of 1934. You have the right to receive from us upon demand and in the course of normal business operation the delivery of: a) any free credit balance to which you are entitled, b) any fully paid securities to which you are entitled, and c) any securities purchased on margin upon full payment of any indebtedness to us. Any funds subject to a sweep program can be liquidated upon your demand and either returned to the account as a free credit balance or remitted to you directly.
- ◆ A financial statement of this firm is available for your personal inspection at its office or a copy of it will be mailed upon your written request.
- ◆ All securities held by BB&T Securities, LLC for you, but which are not registered in your name, are commingled with identical securities being held for other clients. In the event any securities so held are "called" by the issuer, we will determine the beneficial ownership thereof by an impartial random selection system required by FINRA rules.
- ◆ SIPC provides protection to each BB&T Securities, LLC correspondent client account through the Securities Investor Protection Corporation amounting to a total of \$500,000 inclusive of up to \$250,000 in cash. BB&T Securities, LLC carries insurance coverage issued by Lloyd's of London in excess of the standard SIPC coverage with a maximum limit per customer of \$50,000,000 and a \$200,000,000 total aggregate over all customers and every situation during the policy period. You may obtain information about SIPC, including the SIPC Brochure, by contacting SIPC at www.sipc.org or by calling SIPC at 202-371-8300.
- ◆ The Statement of Financial Condition for BB&T Securities, LLC may be obtained, at no cost, by accessing the company's website at www.bbtsecurities.com or by calling the company toll free at 866-619-1648.
- ◆ This statement will be deemed conclusive if not objected to within 10 days. All inquiries regarding your account or the activity therein should be directed to your Financial Advisor. Please report any inaccuracy or discrepancy in your account in writing to the office servicing your account or to BB&T Securities, LLC, 8006 Discovery Drive, Richmond, VA 23229, tel. 866-619-1648. Customer complaints may be directed to BB&T Securities, LLC at 877-679-5463. You may reach FINRA by calling the FINRA Regulation Public Disclosure Program Hotline at 800-289-9999 or by visiting FINRA Regulation online at www.finra.org. A brochure describing the FINRA Regulation Public Disclosure Program is also available from FINRA upon request.



Statement of Account: June 1, 2020 to June 30, 2020

Account Number: [REDACTED]

Financial Advisor: [REDACTED]

ECONOMIC DEVELOPMENT AUTHORITY

IMPORTANT CLIENT INFORMATION

- ◆ The prices displayed on this Client Statement represent the value on the last day of the statement period based on pricing information provided to us by quotation services or other sources. The sources of this information are considered reliable, however the accuracy of this information cannot be guaranteed. If you hold private or alternative investments, such securities may be priced by using the issuer's net asset value (NAV) or by one of the approved valuation methods below:
 - A) Net Investment Method – IMPORTANT – Part of your distribution includes a return of capital. Any distribution that represents a return of capital reduces the estimated per share value shown on your account statement.
 - B) Appraised Value Method – The appraised valuation disclosed in the issuer's most recent periodic or current report filed with the SEC.

Such securities are not listed on a national securities exchange, are generally illiquid, and even in the event of a sell transaction, the price received may be less than the per share estimated value provided in the account statement. Please contact your financial advisor for a current market quote.

- ◆ Credit rating contained herein is obtained by BB&T Securities, LLC from sources believed by it to be accurate and reliable. The credit ratings are statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities and are subject to change. Please contact your Financial Advisor for current credit rating information.

8006 Discovery Drive, Richmond, Virginia 23229

DATE: August 3, 2020

TO: Board of Directors,
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD
Executive Director

CC: Jay Tibbs
Deputy County Administrator

RE: Targeted Business Update

At the June meeting, the EDA Board was briefed on the need to update Frederick County's target industry analysis. The amount of time that had lapsed from the last consultant driven effort (2006) and the lack of significant new business locations were noted as the chief reasons. The current COVID-19 pandemic and the economic impact on existing businesses further supports a need for an updated analysis.

During the meeting, several members requested additional information to aid the decision process. In response to these requests, staff has compiled the following responses.

Enclosed is the executive summary of VEDP strategy and related briefing document:

- One document "Chapter 1: Executive Summary" is principally a narrative to VEDP Strategy
- The other document "Virginia Economic Development Strategy and Action Plan" is a good representative of the target industry analysis part of VEDP Strategy

Staff's outline of the process to develop an RFP for consultant services:

- 4 weeks or less to staff to draft and legal to review (September 2020, if directed at August meeting to proceed)
- 4 weeks to advertise (October 2020).
- 4 weeks or less to review and award (November 2020)
- 8 to 10 weeks to complete project (March 2021)
- Note: EDA can follow the County's policies on RFPs, but not required.

The estimated cost of the project will depend on the package of services desired.

1. How many targeted segments/sectors do we wish to examine?
2. Do we want a roadmap on areas of improvement?

3. Do we want a robust marketing plan?

If the EDA seeks a full analysis (identification of targeted sectors, roadmap on areas of improvement and marketing plan), we will get 5 targeted segments (likely just one addition to current number) at a cost of \$70,000 - \$100,000). Below is a breakdown of additional options/costs:

- If just targeted segments are desired, receiving 5 targeted segments (likely just one addition to current number), cost will be around \$60,000.
- If more targeted segments (i.e. 8 which will include 2-3 additional ones) are desired cost will be \$70,000 - \$100,000.
- If 5 targeted segments are desired plus a partial roadmap on areas of improvement cost will be around \$70,000.
- If we want full package with more targeted segments (i.e. 8 which will include 2-3 additional ones), cost will be \$100,000 - \$130,000.

Given the current pandemic, it is anticipated that the work to identify targeted sectors could be done remotely via videoconference. The action plan for improvements and action/marketing plan would require more detailed discussions in the form of workshops, which would ideally take place locally. Given the current pandemic and associated travel restrictions staff would anticipate this project beginning in early 2021. If the EDA Board determines that this work cannot be done remotely, this step could be completed once travel restrictions are eased.

Staff is seeking EDA Board feedback regarding targeted business update. If the EDA Board is agreeable with moving forward, staff is seeking Board action to develop an RFP for consultant services.



Chapter 1: Executive Summary

One of the wealthiest and most beautiful states in America, the Commonwealth of Virginia is blessed with exceptional human capital, geographic, and infrastructure assets. Widely viewed as an attractive state for business, Virginia also is home to a diverse array of leading private-sector firms, national labs, and important military installations, as well as one of the most educated populations in the country. By any reasonable measure, Virginia is one of America's premier states. For two decades, the Virginia Economic Development Partnership (VEDP) has served as Virginia's state economic development authority, pursuing its duty to "encourage, stimulate, and support the development and expansion of the economy of the Commonwealth," as prescribed in the Code of Virginia. Like the special Commonwealth that it serves, VEDP has long been regarded as among the best in the country.

While the Commonwealth and VEDP remain well regarded on the national stage, both have experienced challenges over the last decade. With an economy highly reliant on the federal government, Virginia has endured a substantial slowdown in economic growth due to sequestration, dropping from ranking in the top 10 states to the bottom 15. Moreover, like rural America, much of rural Virginia has struggled in recent years, with several regions facing population losses and an expectation of continued decline. These trends led the current governor to intensify efforts to diversify Virginia's economic base and work to build a "New Virginia Economy."

Additionally, in contrast to a decade ago when the Commonwealth was ranked the best or nearly the best state for business in most business climate rankings, Virginia today ranks outside the top 10 best states for business in every published national survey of corporate executives and/or site-selection consultants. Likewise, VEDP, which once was one of the most innovative and best regarded state economic development organizations (EDOs) in America, experienced a decline in its efficiency, effectiveness, and reputation. Indeed, a report published last year by Virginia's Joint Legislative Audit and Review Commission (JLARC) opened with a devastating assessment: "VEDP is not an efficiently or effectively managed organization."

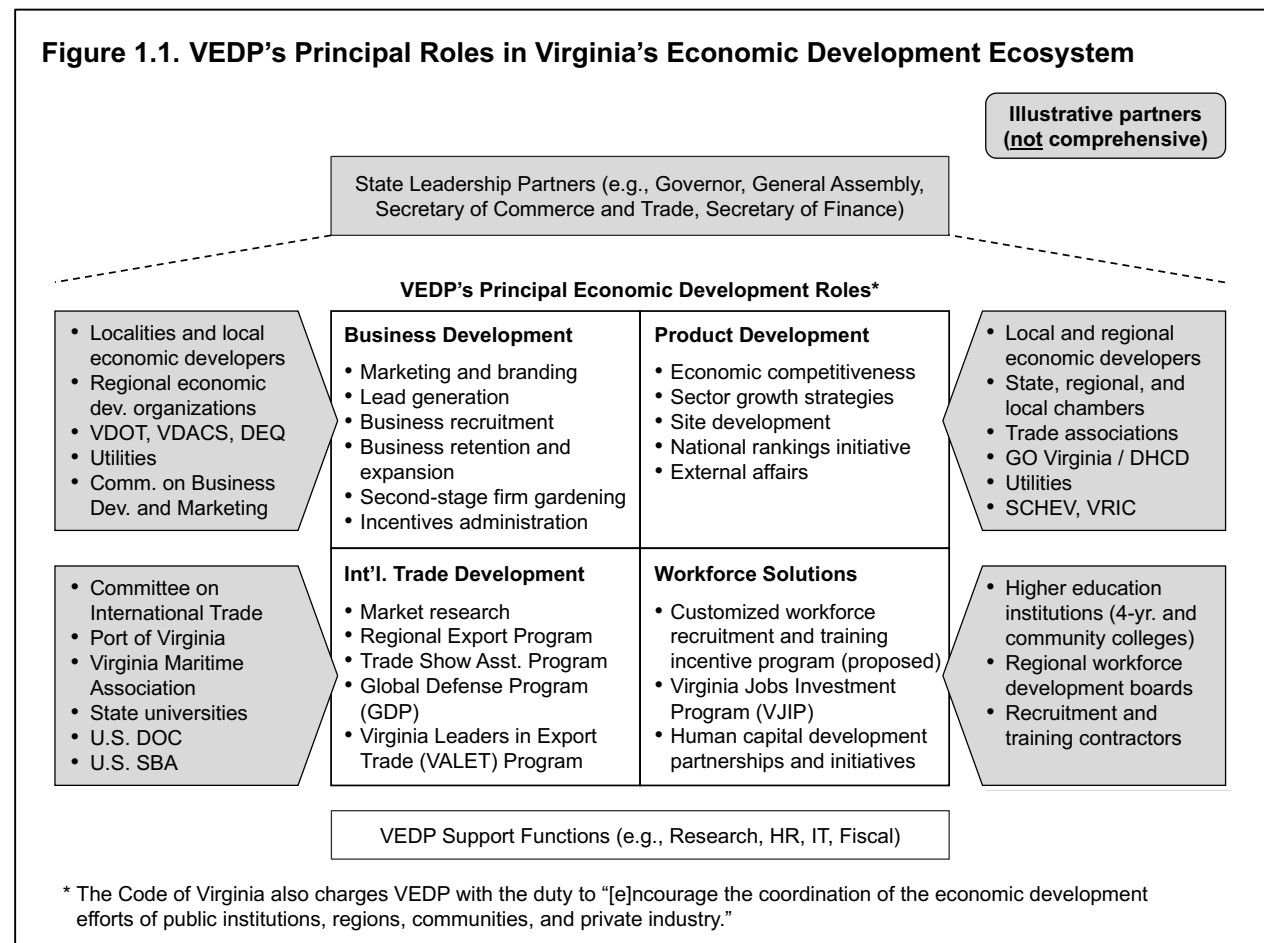
In the wake of comprehensive VEDP reform legislation passed in early 2017 and the election of a new governor, the Commonwealth of Virginia and VEDP face an important juncture in their respective histories. Working in close consultation with leaders in the Administration and General Assembly, with the participation of hundreds of VEDP's local, regional, and state partners, and with assistance from top management consultants and economic development experts, VEDP's Board of Directors, Chief Executive Officer, and staff have crafted this Strategic Plan to clearly articulate what it would take to reestablish Virginia as one of the country's economic leaders and VEDP as one of America's most effective state EDOs. Based on robust analyses and best practices, the strategies and initiatives described herein, if fully implemented over the next five years (FY19-FY23), would leverage the Commonwealth's distinctive strengths to position Virginia for a brighter economic future – one with more high-wage jobs and geographically shared prosperity. Without implementation of this plan or a compelling alternative, national economic analysts (e.g., Moody's, Emsi) forecast that the Commonwealth will continue to economically underperform its top competitor states (e.g., Georgia, North Carolina, and South Carolina) over the next decade.

This document was crafted to meet the new requirement in the Code of Virginia for the VEDP Board and its CEO to develop "a strategic plan for specific economic development activities for the Commonwealth as a whole." Responsive to the comprehensive economic development plan developed by the Administration, this Strategic Plan includes specific goals and objectives (i.e.,

strategies and initiatives), as well as performance measures; a comprehensive assessment of how VEDP can best add value relative to each of its statutory duties and powers; and other content focused on accomplishing the transformational goals described below. Finally, this Strategic Plan is designed to help ensure that VEDP permanently addresses the various deficiencies highlighted in JLARC’s 2016 report, “Management and Accountability of the Virginia Economic Development Authority,” which detailed how the organization could improve its governance, efficiency, effectiveness, coordination, and accountability, as well as strengthen its administration of incentives.

VEDP’s Roles in Virginia’s Economic Development Ecosystem

Hundreds of organizations play a meaningful role in the economic development of the Commonwealth, including the Governor of Virginia and Virginia General Assembly; local, regional, and state economic development organizations; schools, higher education institutions, and workforce development boards; utilities; various Virginia secretariats (e.g., Agriculture and Forestry, Commerce and Trade, Finance, Natural Resources, Technology, Transportation); the Port of Virginia; the Virginia Tourism Corporation; airports; GO Virginia; chambers of commerce and trade associations; and many others. Indeed, economic development is a team sport. While VEDP plays multiple important roles in the economic development of Virginia, it is just one important part of a complex economic development ecosystem, as illustrated in Figure 1.1.



VEDP's central focus is implementing programs designed to increase employment and earnings in the Commonwealth. Primarily these outcomes are achieved by increasing exports of goods and services to other countries and states. Accordingly, VEDP focuses its efforts on retaining, growing, and attracting traded-sector firms, i.e., business establishments that generate most of their revenues from out-of-state customers. Out-of-state and international sales enable traded-sector business establishments to employ Virginia residents and typically to pay them more than non-traded-sector firms, such as retailers and local service providers.

While only some of VEDP's programs have "trade" in their name, substantially all of VEDP's work focuses on increasing international and domestic trade. As referenced in Figure 1.1 on the previous page, VEDP engages in **business development** efforts (e.g., marketing, lead generation, or incentives) designed exclusively to encourage traded-sector firms to invest and create jobs in Virginia, through establishing a presence in Virginia for the first time or expanding an existing location here. VEDP also engages in **product development** efforts (e.g., improving Virginia's portfolio of development-ready sites) designed to make Virginia more attractive for traded-sector firms. Additionally, VEDP delivers **workforce solutions** (e.g., grants via the Virginia Jobs Investment Program) that assist traded-sector firms with attracting and developing talent. Finally, through its **international trade development** programs (e.g., the VALET program), VEDP helps Virginia-based firms to increase their international sales.

Transformational Goals

Throughout its strategic planning process, VEDP engaged economic development partners, businesspeople, and other stakeholders in a variety of ways to develop and refine a set of compelling, transformational economic development goals for the Commonwealth and VEDP. Fulfillment of these transformational goals will require VEDP's effective execution of its statutory duties and powers, as well as some new policy and funding commitments of the Commonwealth that are articulated in this plan.

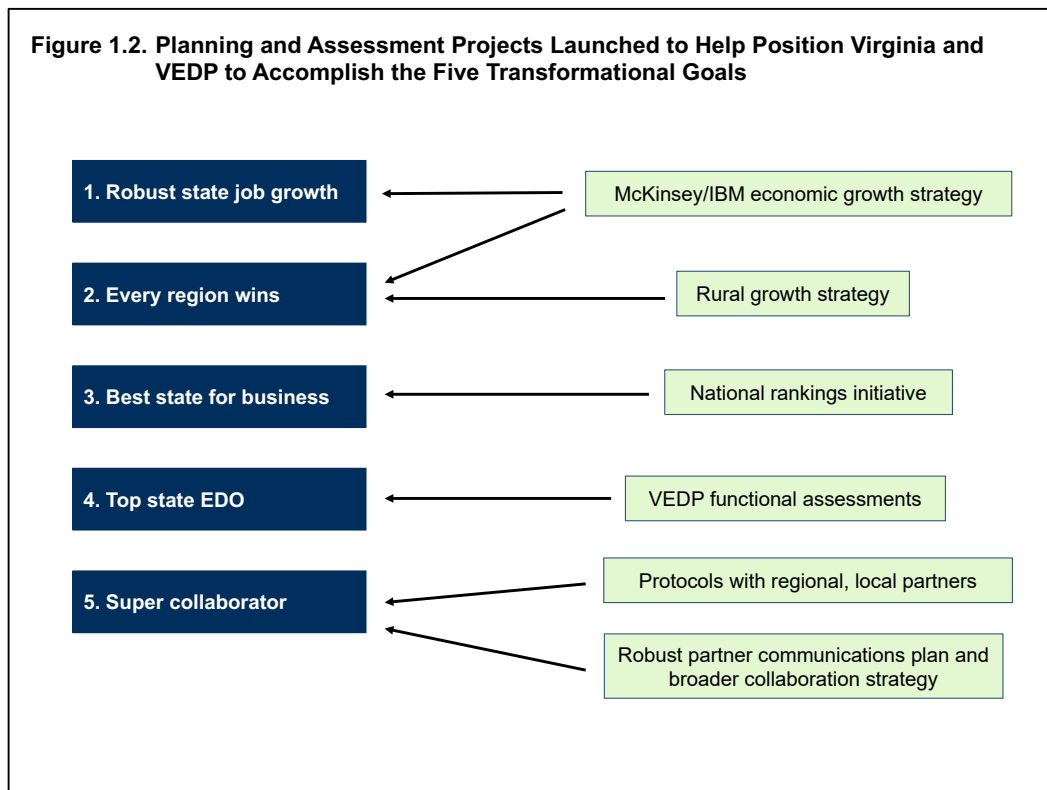
1. **Robust state growth:** Over the next several years, position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the U.S.
2. **Every region wins:** Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers).
3. **Best state for business:** Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states).
4. **Top state EDO:** Reestablish VEDP as one of America's premier state economic development organizations (principally to better enable accomplishment of the top three transformational goals).
5. **Super collaborator:** Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP).

In a statewide survey of local, regional, and state economic development partners, staff, businesspeople, and other stakeholders, as well as in other venues (e.g., interviews with General Assembly leaders), these five transformational goals have received broad support. As

the transformational goals solidified, VEDP launched a set of targeted planning and assessment projects to determine what would be required to achieve them, as illustrated in Figure 1.2.

For the first two transformational goals, VEDP and GO Virginia collaborated on a competitive RFP process to secure consulting services to support development of a “Target Industry Economic Development Strategy and Action Plan for the Commonwealth and its Regions.” The analysis provided by a combined McKinsey & Company and IBM Global Business Services team in support of the strategy and action plan is referenced throughout as the “Economic Growth Analysis.” The Economic Growth Analysis identified target industry sectors, business attraction strategies, and key enablers (e.g., human capital development, site development, broadband expansion, and international trade development). For the second transformational goal, VEDP also assembled a group of rural stakeholders to craft a rural development strategy to position Virginia’s small metro areas and rural regions for growth.

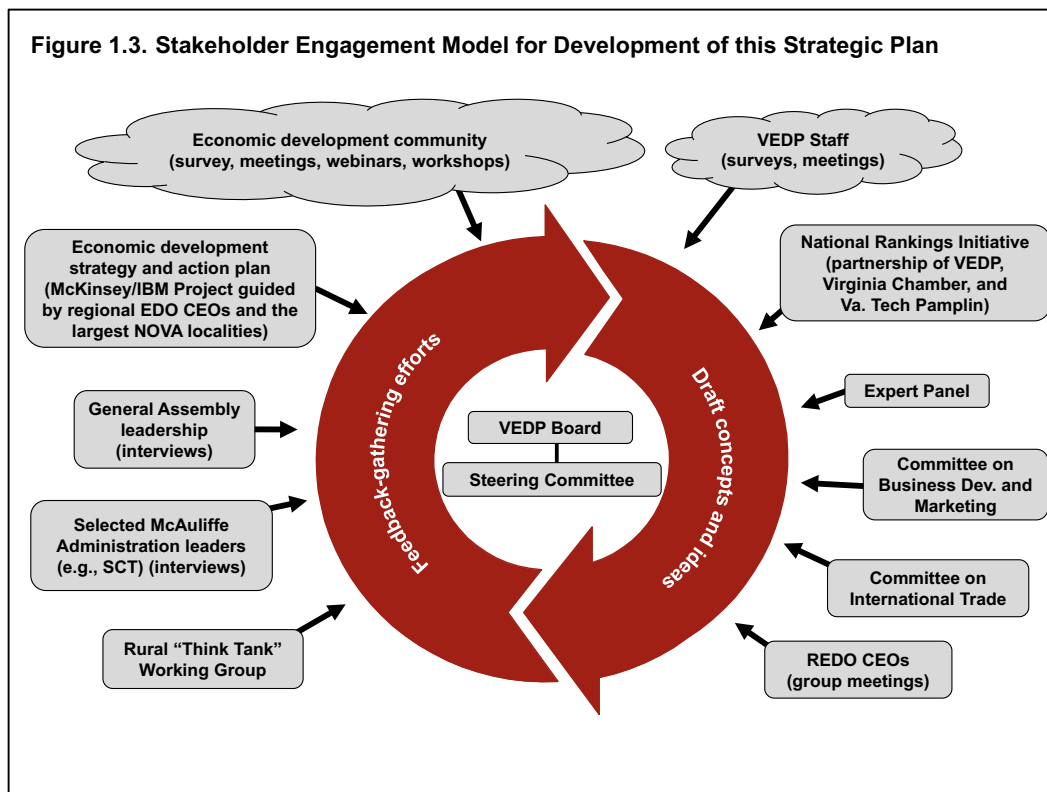
For the third transformational goal, the Virginia Chamber of Commerce and VEDP partnered to develop a set of initiatives to restore Virginia’s previous leadership position in the national business climate rankings, with assistance from Virginia Tech’s Pamplin College of Business. For the fourth transformational goal, VEDP conducted a thorough assessment of its various core functions (e.g., marketing, workforce solutions, research) against top-performing peers in other states to identify opportunities for improvement. Finally, for the fifth transformational goal, VEDP collaborated with economic development practitioners to craft protocols designed to improve collaboration and coordination with our local and regional economic development partners related to our operational activities (e.g., lead generation; project management; business retention and expansion, or BRE), as well as to create a new quarterly partner reporting format designed to improve communications and transparency related to VEDP’s core activities.



Stakeholder Engagement and Expert Assistance

To develop, syndicate, and refine the details within this Strategic Plan, VEDP staff solicited input and feedback from hundreds of local, regional, and state partners and stakeholders, as illustrated in Figure 1.3. Special emphasis was placed on understanding the perspectives of leaders in the Administration (e.g., Secretary of Commerce and Trade, Secretary of Finance) and General Assembly (e.g., members of the Major Employment and Investment Project Approval Commission and their staff directors), local and regional economic development practitioners, and board members of the Virginia Economic Developers Association. VEDP conducted a wide-ranging survey of the economic development community in July 2017, the results of which influenced many aspects of this Strategic Plan. The survey included both quantitative response items as well as a variety of open-response questions.

VEDP also engaged an eight-person expert panel to offer ideas, suggestions, best practices, and critical feedback at various points in the process. The expert panel included the leaders of two national/global economic development organizations focused on policy and practice, Jeff Finkle, President/CEO, International Economic Development Council (IEDC), and Ken Poole, CEO/President, Center for Regional Economic Competitiveness (CREC); two top site-selection consultants, Mark Sweeney, Senior Principal, McCallum Sweeney Consulting, and Dennis Meseroll, Executive Director, Tractus Asia Limited; two national thought leaders on economic development policy and practice, Amy Liu, VP and Director of the Metropolitan Policy Program, The Brookings Institution, and Enrico Moretti, Professor of Economics, UC-Berkeley; and two in-state university faculty members who study various aspects of Virginia's economy, Chip Filer, Associate Professor of Economics, Old Dominion University, and Steve Fuller, Director, Stephen S. Fuller Institute, George Mason University.



The reconstituted VEDP Board of Directors discussed various elements of this Strategic Plan at its monthly meetings throughout the year. The VEDP Board was advised by VEDP's 19-member Strategic Plan Steering Committee, which was comprised of a diverse membership of local, regional, and state economic development partners and stakeholders:

- Peter Blake, Director, State Council of Higher Education for Virginia
- Shannon Blevins, Assoc. Vice Chancellor for Econ. Dev. & Engagement, UVa-Wise
- Beth Doughty, Executive Director, Roanoke Regional Partnership
- Barry DuVal, President & CEO, Virginia Chamber of Commerce
- Evan Feinman, Executive Director, Tobacco Region Revitalization Commission
- Amanda Glover, Director of Economic Development & Tourism, Augusta County
- Victor Hoskins, Director, Arlington Economic Development
- Joshua Lewis, Executive Director, Virginia's Industrial Advancement Alliance
- Chris Lloyd, SVP/Director, Infrastructure and Econ. Dev., McGuireWoods Consulting
- Barry Matherly, President and CEO, Greater Richmond Partnership
- Ken McFadyen, Director of Economic Development, Botetourt County
- Christy Morton, Executive Director, Center for Rural Virginia
- Arthur Moye, Jr., Executive Vice President, Virginia Maritime Association
- Catherine Riley, VP of Marketing, Fairfax County Economic Development Authority
- Curry Roberts, President, Fredericksburg Regional Alliance
- Robin Sullenberger, Board Member, Virginia Community College System
- Telly Tucker, Director, Danville Economic Development
- Cathie Vick, Chief Public Affairs Officer, Port of Virginia
- Rick Weddle, President & CEO, Hampton Roads Economic Development Alliance

Various VEDP staff members were actively engaged in the development of this Strategic Plan from beginning to end. Additionally, VEDP staff had opportunities to provide input into the economic growth strategy project as well as each of the major elements of this Strategic Plan through surveys and topic-specific meetings.

The members of the new Committee on International Trade and the new Committee on Business Development and Marketing were not appointed until relatively late in the strategic planning process, so those two groups were not consulted as extensively as some of the others.

VEDP incorporated ideas and feedback from these engagement efforts into its development of each aspect of this Strategic Plan, from the transformational goals to the specific strategies and initiatives designed to achieve those goals. The broad reach of this engagement process was intended to ensure that this Strategic Plan would be responsive to perspectives shared by the collective voice of Virginia's economic development community and state leadership.

Assessment of Virginia's Economic Position

This Strategic Plan takes into consideration the Commonwealth's position within the national and global economy, including Virginia's past, present, and expected future economic growth, as well as Virginia's economic competitiveness. While the Commonwealth's economy overall is healthy, with relatively high incomes and low unemployment, its economic growth has slowed in the wake of sequestration, and the growth that has occurred has been unevenly shared – with some areas experiencing growth while others endure continued decline. Likewise, the Commonwealth is blessed with remarkable human capital, geographic, and infrastructure assets

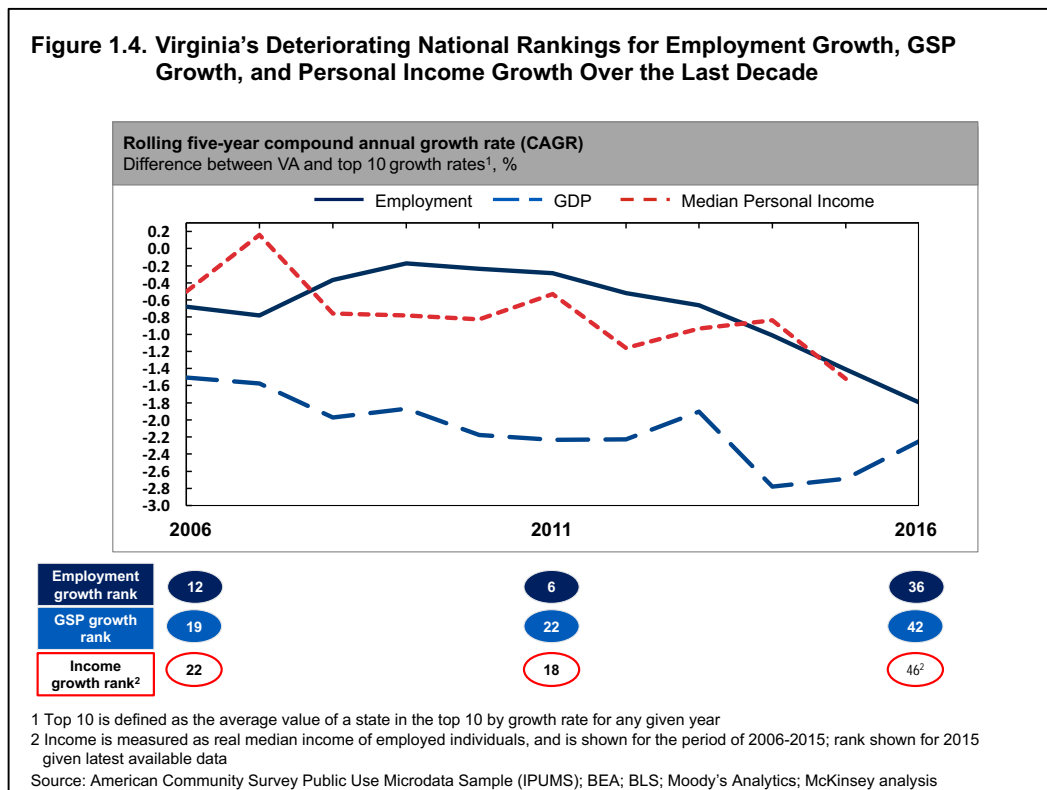
that contribute to its relatively well-regarded business climate, but Virginia also has a number of weaknesses that harm its economic competitiveness.

Economic Context in Virginia

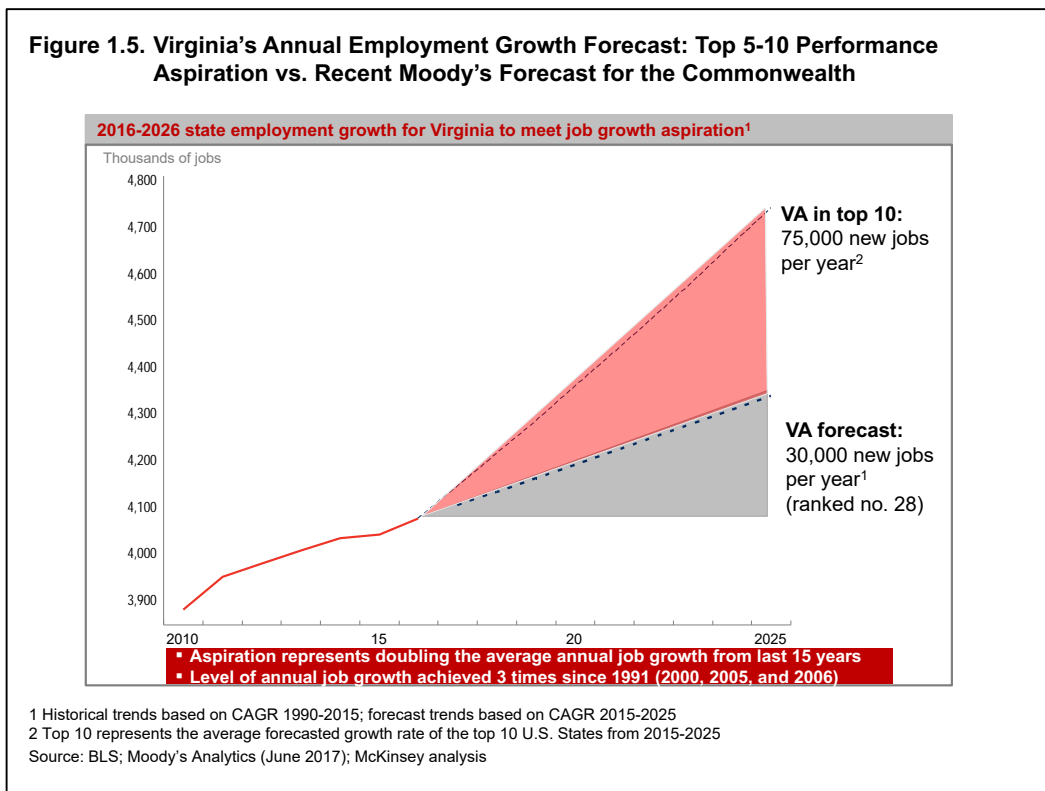
Virginia is one of the wealthiest states in the country (ranked no. 8) – with median household income about 20% above the national average – and it has an unemployment rate below the national average. In the first decade of the 21st century, the Commonwealth also was among the fastest-growing states in the country.

Unfortunately, in the wake of federal sequestration, Virginia’s growth rates for employment, gross state product (GSP), and personal income declined markedly relative to competitors, as illustrated in Figure 1.4. Over the last five years on record, Virginia’s rankings for growth in employment, GSP, and personal income fell to nos. 36, 42, and 46, respectively. Had the Commonwealth’s various industry sectors merely matched the growth rates of their national counterparts over the last five years on record, Virginia’s total employment would have exceeded its actual 2016 number by 131,000 workers. Additionally, Virginia’s sluggish economic performance in recent years contributed to a shift toward net domestic out-migration, with more people leaving Virginia for other states than moving here from them.

Virginia’s growth slowdown has meant fewer economic opportunities for college graduates and the working class, less sales for small businesses, more pressure on social welfare programs, and less state and local tax revenues with which to fund public priorities, such as schools, higher education, public safety, and transportation infrastructure. Reversing these worrying trends will require stronger economic growth. Positioning Virginia to once again rank among the top 10 growth states (transformational goal no. 1) is a central focus of this Strategic Plan.



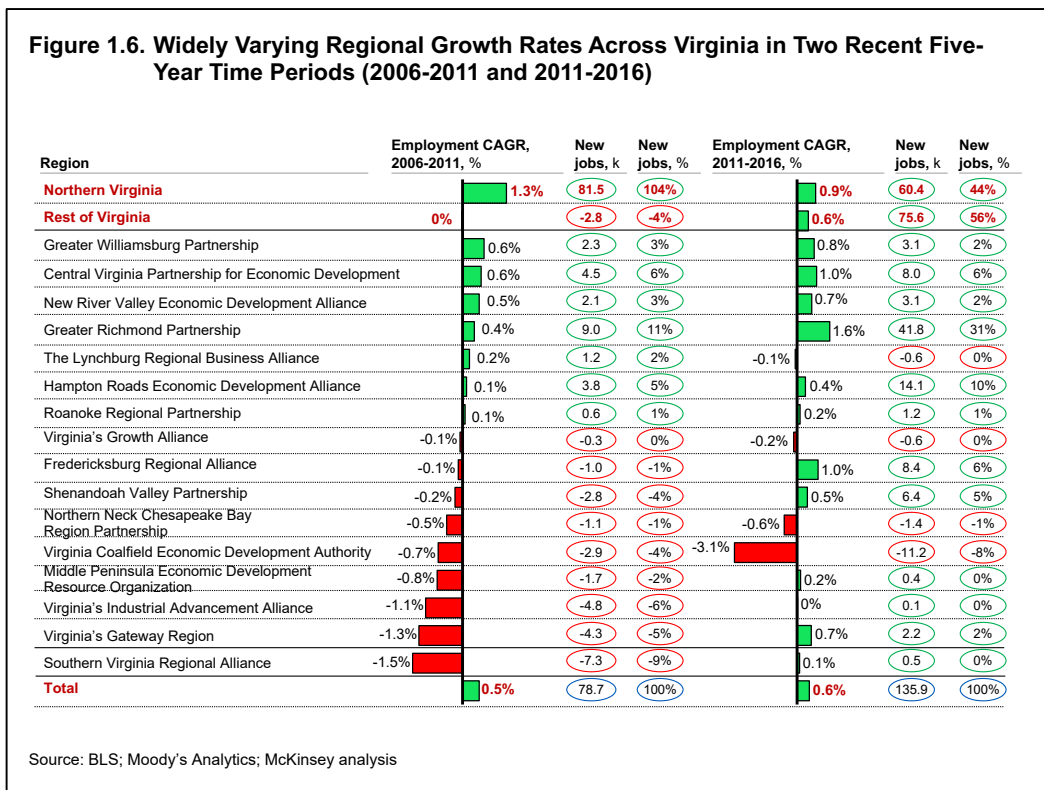
With sequestration limiting the economic contribution of the federal government to Virginia's expected future growth, recent forecasts suggest that the Commonwealth will add only about 30,000 jobs per year, on average, over the next decade – an employment growth rate that would rank no. 28 in the country. To achieve an employment growth rate among that of the top 10 states in the U.S., Virginia would need to add roughly 75,000 jobs per year, on average, or about 45,000 more annually than current forecasts suggest, as depicted in Figure 1.5. Accordingly, most of the strategies and initiatives in this Strategic Plan directly or indirectly contribute to that desired outcome.



Like most other states, Virginia does not have a single homogeneous economy, but rather a collection of distinct regional economies, each with its own unique character, geographic landscape, and mix of companies and industry sectors. Indeed, the incredible diversity of Virginia's many economic regions – from the dense urban communities of Northern Virginia to the largely rural coalfield region of Southwest Virginia – represents a defining characteristic of the Commonwealth. Because of this reality, one cannot fully understand the performance of Virginia's economy without understanding the health of each of its various regions.

In recent years, the Commonwealth's economic growth has exhibited substantial regional imbalances, as illustrated in Figure 1.6 on the following page. For instance, from 2006 to 2011, Northern Virginia created 104% of all new jobs in the Commonwealth, while most other regions lost ground. In other words, Northern Virginia created about 81,500 jobs while the rest of Virginia collectively lost nearly 3,000 jobs. In contrast, most regions experienced gains in the 2011-2016 time period, but growth was relatively muted, as Greater Richmond was the only region in Virginia to outpace the U.S. average annual growth rate (1.6% vs. 1.4%) during this period.

Regional employment growth disparities are not unique to Virginia. Over the last five years, roughly half the localities in America experienced population declines. Likewise, almost half the counties in North Carolina, South Carolina, and Georgia lost population over the last five years. Largely, these trends represent the decline of rural America – and mirror trends experienced across much of rural Virginia.



In general, larger metropolitan areas are substantially advantaged in the current economic environment. For example, compared to smaller metros and predominantly rural regions, large metro areas typically offer more specialized workforce availability (not just the number of skilled workers, but rather the number of workers with very particular skills); dramatically better flight service (i.e., direct flights to key domestic and often international locations); and better access to key customers and suppliers. For Virginia's smaller metros and rural regions to consistently participate in the growth of the Commonwealth (as envisioned by transformational goal no. 2), Virginia must position itself to succeed where nearly all other states have failed – and must successfully confront competition from states that are far more aggressive in their economic development efforts than Virginia.

Virginia's Economic Competitiveness

With a wealth of human capital, geographic, and infrastructure assets; an attractive, stable business climate; and a tradition of effective governance, the Commonwealth has long been considered one of America's best states for business. However, for many of Virginia's strengths, the Commonwealth also has corresponding weaknesses, as illustrated in Figure 1.7 on the following page.

For example, with top 10 rankings for both public schools and higher education, Virginia has one of the highest levels of educational attainment in the country. Yet Virginia typically is not considered one of America's leaders in state workforce development programs, as the top-ranked states (e.g., Georgia, Louisiana) offer turnkey, customized workforce recruitment and training incentive programs. Compared to other states, Virginia's state/local business tax burdens for existing firms are relatively low, but state/local tax burdens for new firms and expansions of existing firms here are considerably less competitive.

Figure 1.7. Virginia's Economic Competitiveness: Abundant Strengths Partially Offset by Corresponding Weaknesses (Examples – Not Comprehensive)

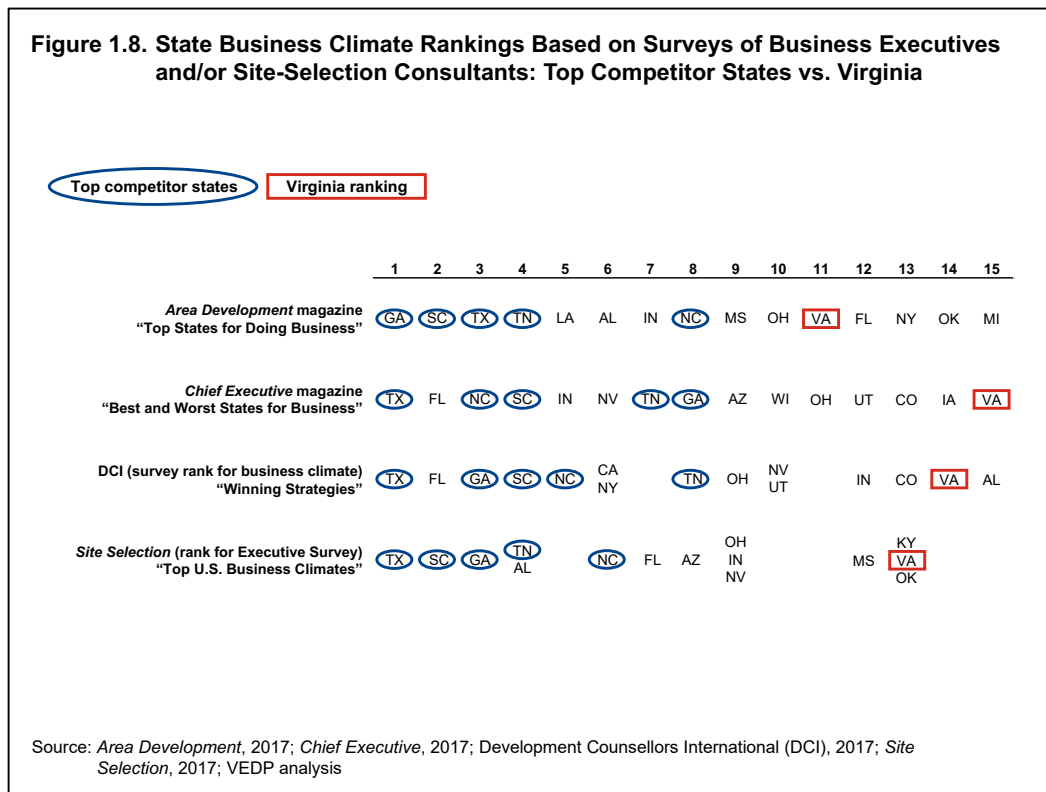
Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Top 10 rankings for educational attainment, higher education, K-12 ▪ Wide range of attractive small sites (<25 acres) in some regions ▪ Geographic location (e.g., Mid-Atlantic, contiguous with Washington, D.C.) ▪ Below average state/local tax burdens for existing firms ▪ Impressive Port of Va., NOVA airports, and spaceport on the Eastern Shore ▪ Diverse range of high-quality employers and headquarters ▪ Impressive range of federal laboratories, higher ed research ▪ Generally high-quality, high-speed broadband in served areas 	<ul style="list-style-type: none"> ▪ Lack of a customized workforce incentive program offering; insufficient CS pipeline ▪ Meager inventory of large sites (especially 100+ acres) and certified sites ▪ Site development timeline/cost challenges due to lack of investment and topography ▪ Uncompetitive state/local tax burdens for new investment* ▪ Metro, traffic congestion challenges in NOVA; road limitations in ROVA ▪ Unusually high reliance on federal government-related activities ▪ Limited commercialization of intellectual property ▪ Large swaths of Virginia have no broadband access
<p>* VEDP has identified a potential error in KPMG's tax rankings that, if confirmed and corrected, could improve Virginia's state/local tax burden ranking for new, capital-intensive manufacturers from nearly the worst in America to the mid-20s</p> <p>Source: U.S. News & World Report; Tax Foundation/KPMG; interviews with site consultants; McKinsey; VEDP analysis</p>	

Virginia's many strengths enabled the Commonwealth to enjoy a long run of healthy growth, but much of that growth was fueled by federal government activity that no longer is as robust or certain as it once was. Meanwhile, other states with fewer built-in advantages have worked steadily to improve their business climates and economic development offerings such that Virginia's previous distinction as a top-ranked state for business has faded.

A decade ago, Virginia was regularly ranked as the top or nearly the top state for business in America. For example, in 2007 and again in 2009, three national rankings organizations (CNBC, Forbes, and Pollina Corporate Real Estate) each ranked Virginia no. 1. Since then, the Commonwealth has fallen in every national ranking of state business climates, with an overall average decline of about seven places since 2009. A variety of factors contributed to these declines. Most prominent among the causes were the Commonwealth's slowdown in economic growth and expectations of future growth (principally driven by sequestration), poor rankings for business costs (particularly state/local tax burdens for startups and expansions of existing firms), and a decline in the perceptions of Virginia among corporate executives and site-selection consultants. The latter was driven in part by the Commonwealth's decision to stop marketing itself as an attractive location for business investment. While Virginia has a robust,

effective marketing budget for tourism, the Commonwealth eliminated its modest economic development marketing budget years ago.

In contrast to past years, the Commonwealth no longer ranks among the top 10 states for business in any published national survey of business executives and/or site consultants, as illustrated in Figure 1.8. Notably, top competitor states, including North Carolina, South Carolina, Georgia, Tennessee, and Texas, place higher than Virginia in all four of these rankings. Virginia’s relatively poor showing versus its competitors in executive surveys is driven by a lack of awareness of the Commonwealth’s assets, which in turn largely is the result of Virginia having an economic development marketing budget of approximately zero. In contrast, top competitor states typically have multimillion-dollar economic development marketing budgets, in addition to their marketing budgets for tourism.



This Strategic Plan includes strategies and initiatives designed to enhance Virginia’s economic competitiveness as well as recommends creating a targeted marketing and lead-generation program (including a special focus on rural Virginia) to ensure that key corporate executives and site-selection consultants in the U.S. and beyond are aware of the Commonwealth’s many advantages for business. The combination of these efforts will enable Virginia to return to its previous national leadership position atop the various national business climate rankings of states (transformational goal no. 3), while also positioning the Commonwealth overall for faster, more broadly shared economic growth (transformational goal nos. 1 and 2).

Assessment of VEDP's Current Position

Two decades ago, the Governor and General Assembly of Virginia created VEDP, a quasi-independent state economic development authority governed by a board of directors that spans gubernatorial administrations. This relatively novel governance structure offers the opportunity for VEDP to be a professional, nonpartisan state EDO with stable leadership that can operate nimbly and creatively to encourage the expansion of the Commonwealth's economy.

As Virginia's state EDO, VEDP must effectively execute a variety of functional roles, such as marketing, lead generation, international trade development, prospect research, project management, and incentives administration. State EDOs tend to be highly effective at some functions and less effective at others; accordingly, there is no single state EDO that is the best at every core function. During its strategic planning process, VEDP completed a critical self-assessment of each of these core functions, comparing its current approach for each function with that of organizations considered to be among the best in each area. Collectively, these functional assessments resulted in the identification of specific performance improvement opportunities and revealed important economic development capabilities that VEDP currently lacks.

The Code of Virginia details a variety of VEDP duties that can be summarized into the following eight core responsibilities. This Strategic Plan details how VEDP can best add value relative to each of these statutory duties as well as its various statutory powers, with a central focus on achieving the previously referenced five transformational goals.

- Ensure that effective marketing programs are delivered
- Encourage exports of Virginia products and services
- Engage in business development activities
- Engage in product development activities
- Encourage coordination of organizations engaged in economic development
- Assist in developing economic development strategies for Virginia
- Administer economic development incentive programs
- Fulfill various administrative and reporting responsibilities

By addressing improvement opportunities identified through its functional assessments and determinations of how best to add value relative to its statutory duties and powers, VEDP will be well positioned to achieve transformational goal no. 4 – to become (once again) one of the premier state EDOs in America.

Finally, recognizing that economic development is a team sport in which VEDP is just one of many important players, this Strategic Plan places a special focus on alignment and coordination. By better defining alignment and coordination protocols and committing fully to follow them in a spirit of genuine partnership, VEDP will be well positioned to achieve the fifth transformational goal – to exhibit collaboration and coordination as its hallmarks.

Assessment of VEDP's Core Functions

An important part of VEDP's strategic planning process involved conducting a self-assessment of the organization's core functions, as illustrated in Table 1.1 on the following page. Each core organizational function was scored based on its current level of effectiveness in comparison to best-in-class peers that were selected on a function-by-function basis (e.g., the same state EDO might be outstanding for one function and underdeveloped for another). A score of 0% would

mean that the function doesn't exist at VEDP, whereas a score of 100% would mean that VEDP itself is the national leader with little room for improvement. For example, VEDP's international trade development programs (scored at 80%) generally are considered among the best in the country, with incrementally more impact possible with increased funding, but VEDP's marketing efforts (scored at 5%) are nearly nonexistent due to a lack of any funding for marketing.

Table 1.1. VEDP's Current Performance Relative to Top-Performing Organizations, by Function

Categories of Activity	Specific Function	Performance vs. Top Group(s)*	Comment
Business Development	Research: GIS solutions	75%	More fully leverage robust capabilities in RFP responses
	Research: proposal support	65%	Need more customer feedback, improved data visualization/graphics
	Research: online real estate data	65%	Planning refresh: layout, functionality, and mobile device capability
	Research: economic / market research	65%	Need stronger mktg. materials by industry plus bus. intelligence for lead generation
	Research: workforce analytics	60%	Opportunities to improve insights and display methods
	Marketing: website	40%	Current website undergoing substantial modernization and refresh
	Project management	30%	Significant improvements underway; need customized approach to pitches
	Site-selector cultivation	20%	Need proactive, multi-channel cultivation of ~200 top site-selection consultants
	Lead generation	20%	Need to develop highly intelligent, multi-channel activities (with ROI evaluation)
	Business retention/expansion	10%	Developing targeted program in close collaboration w/ local/regional EDOs
	Marketing: other	5%	Virginia currently "silent"; needs to invest \$7-10 million annually like peer states
Product Development	Site identification and development	25%	Current resources limit ability to deliver, resulting in weak sites portfolio
	Economic competitiveness	20%	Focus more attention on identifying and addressing competitiveness opportunities
Trade Dev.	Trade development	80%	Opportunity to expand trade programs and improve collaboration with FDI cultivation
Workforce Dev.	Workforce solutions	25%	VJIP well regarded, but top-ranked programs offer turnkey solutions
Partner Relations	Government relations	60%	Needs more proactive approach, e.g., systematic/routine outreach
	Partner support and collaboration	40%	Developing standard protocol; bringing back regular meetings with partners
Support Functions	IT	50%	Explore opportunities to reallocate app resources to more strategic uses
	Incentives administration and reporting	50%	Streamline eval./proposal process; ensure consistent monitoring/reporting
	Talent management	40%	Current focus is traditional HR; limited talent cultivation and prof. development
	Incentive offerings: discretionary	30%	Build MEI partnership to better prepare to win transformational projects
	Incentive offerings: statutory	20%	Lack of options means Virginia's tax burden is worse for new vs. existing firms

* Assessments are based on strategy, resources, and execution in comparison to best-in-class peers; they do not directly reflect employee performance

Source: interviews with selected peer/aspiration organizations and site consultants; *Area Development* (2017); VEDP analysis

As illustrated in Table 1.1 above, VEDP has substantial room for improvement in most of its core functions. Some of these improvement opportunities can be addressed with existing resources (e.g., partner support and collaboration), while others (e.g., custom workforce solutions and targeted marketing efforts) cannot be accomplished without new funding. This Strategic Plan details what would be required to close each of these performance and capability gaps in order to substantially increase the effectiveness and impact of VEDP's efforts. In considering ways to improve VEDP's core functions, the strategic planning effort primarily focused on identifying ways to close major gaps and address known problems; there was less analysis on areas such as International Trade that are already well regarded as strong performers within Virginia and in the national context.

How VEDP Can Best Add Value Relative to Its Statutory Duties

With changes adopted in 2017, the Code of Virginia now requires VEDP to systematically assess how it can best add value relative to its various statutory duties and powers. During the strategic planning process, VEDP completed an assessment to make those determinations, the results of which are summarized at a high level in Table 1.2 on the following page.

First, VEDP summarized its statutory duties and powers into nine broad categories. In conducting its self-assessment, VEDP then compared its current approach and performance relative to each duty and power to how the authority could *best* add value. The degree to which VEDP's current approach and performance approaches this envisioned ideal state is reflected as a percentage. The findings outlined in this exercise, along with other planning efforts, were used to develop strategies and initiatives focused on improving VEDP's effectiveness, efficiency, and impact.

Table 1.2. Summary of How VEDP Can Best Add Value Relative to Its Statutory Duties and Powers

Category of Statutory Powers or Duties	Current as a Percent of Best-Add-Value Approach	How VEDP Can Best Add Value	Incremental Investment (\$M/yr, est.)
Ensure that effective marketing (and lead generation) programs are delivered	20%	Launch a robust, modern, marketing and branding, site consultant cultivation, and lead-generation program to improve perceptions and awareness of Virginia's assets, as well as produce more high-quality leads	10-12
Engage in business development activities	30%	Improve project mgmt. via partner protocols, customized solutions, and enhanced knowledge of sectors; enhance communications w/ partners; launch robust BRE program; create a world-class, turnkey, customized workforce recruitment and training incentive program; and launch Project Development and Special Opportunities Fund	18-23
Engage in product development activities	40%	Build site intelligence capabilities; expand current Virginia Business Ready Sites Program and site inventory; and engage in long-term site/building capacity building efforts	TBD
Encourage coordination of organizations engaged in economic development	40%	Work collaboratively with local and regional economic development practitioners to implement recently developed economic development protocols, and implement regular, proactive communications plan; also begin regular outreach with other key partners to encourage more effective coordination of state economic development efforts	0
Encourage exports of Virginia products and services	80%	Build on existing, well-regarded, oversubscribed programs by expanding staff and programs	5-7
Assist in developing economic development strategies for Virginia	20%	Reformulate Economic Competitiveness team to lead economic development strategy projects with strong analysis and stakeholder engagement; establish Economic Development Innovation and Research Fund to provide third-party expertise on complex, high-impact opportunities	1.5-3.0
Administer economic development incentive programs	50%	Create a best-in-class Division of Incentives tasked with reviewing, vetting, tracking, and coordinating VEDP-administered, discretionary, and other Commonwealth incentive programs	0.7
Fulfill various administrative and reporting responsibilities	75%	Ensure timely and efficient completion of all required administrative and reporting requirements; implement training and professional development program for VEDP staff; establish new Internal Audit function reporting to Board	0.6
Utilize powers granted to VEDP under statute to carry out its duties	50%	Fully utilize powers to own and manage property (especially for site/building development); proactively provide advice to partners on economic development services; and conduct distinctive, actionable research	TBD

While the previously referenced functional assessments and these determinations of how VEDP can best add value relative to its statutory duties represented somewhat different approaches to identifying performance improvement opportunities, each of these processes suggested largely similar actions to improve VEDP's impact and effectiveness. The outcomes of these two analyses are incorporated into the strategies and initiatives detailed in this Strategic Plan.

Alignment and Coordination with Economic Development Partners

Nearly every economic development win results in large part from the efforts of a variety of individuals and organizations that are interested in expanding economic opportunity in the Commonwealth. Accordingly, while VEDP plays an important role in economic development,

much of VEDP’s potential impact lies in its efforts to encourage the coordination of the many local, regional, and state organizations involved in economic development.

A central focus of this Strategic Plan is improving alignment and coordination among VEDP and its various partners. Figure 1.9 provides an overview of the four major types of VEDP partners, as well as how VEDP envisions working with each of them in the future.

Figure 1.9. Four Major Types of VEDP Economic Development Partners and Associated Coordination and Alignment Strategies

	Examples (not comprehensive)	Coordination and Alignment
State Leadership Partners	<ul style="list-style-type: none"> ▪ Governor ▪ General Assembly ▪ Secretary of Commerce and Trade ▪ Secretary of Finance ▪ MEI Commission – members and staff 	VEDP will meet with the Governor, Secretary of Commerce and Trade, and Secretary of Finance as often as they may desire (ideally twice per month for Secretary of Commerce and Trade) to discuss leads and active projects as well as align on strategic priorities. VEDP will seek a monthly meeting with the MEI Commission to discuss active projects and opportunities to enhance Virginia’s economic competitiveness.
Local and Regional Economic Development Practitioners	<ul style="list-style-type: none"> ▪ Local economic development practitioners and EDOs (e.g., Halifax IDA, Hampton Economic Development Authority) ▪ Regional EDOs (e.g., Onward New River Valley, Shenandoah Valley Partnership) 	VEDP will follow protocols developed with local and regional partners. The protocols document includes communications, project management, lead generation, BRE visits, RFI responses, and more. An annual survey will seek feedback on implementation. VEDP also will periodically engage partners (e.g., semiannual meetings with local and regional EDOs) to discuss joint marketing efforts and programmatic initiatives.
Project Delivery Partners	<ul style="list-style-type: none"> ▪ Port of Virginia ▪ Railroads ▪ Utilities ▪ State agencies (DHCD, VDOT, VDACS, VDEQ, SBSB) ▪ Virginia higher education institutions ▪ Virginia Tobacco Region Revitalization Commission 	VEDP engages project delivery partners whenever needed for specific economic development projects. Additionally, VEDP will propose semiannual leadership meetings with each partner organization to share priorities and discuss opportunities to better coordinate efforts. Finally, VEDP’s Economic Competitiveness Division will seek input from each project delivery partner on public policy and programmatic matters that could be addressed to improve Virginia’s economic competitiveness.
Policy and Programmatic Partners	<ul style="list-style-type: none"> ▪ Virginia Economic Developers Assoc. ▪ Virginia Chamber of Commerce ▪ Trade associations (e.g., Virginia Maritime Association, NVTC) ▪ Local/regional chambers of commerce ▪ GO Virginia ▪ VACo and VML ▪ Center for Innovative Technology ▪ SCHEV 	VEDP will engage policy and programmatic partners at least once per year (and in some cases considerably more frequently, such as with GO Virginia, the Virginia Chamber of Commerce, and VEDA) in order to share priorities and discuss policy and/or programmatic opportunities to improve Virginia’s economic competitiveness. When resources are available to do so, VEDP also will offer to partner with one or more organizations to conduct sector-specific research projects focused on positioning Virginia to grow strategically important industry sectors.

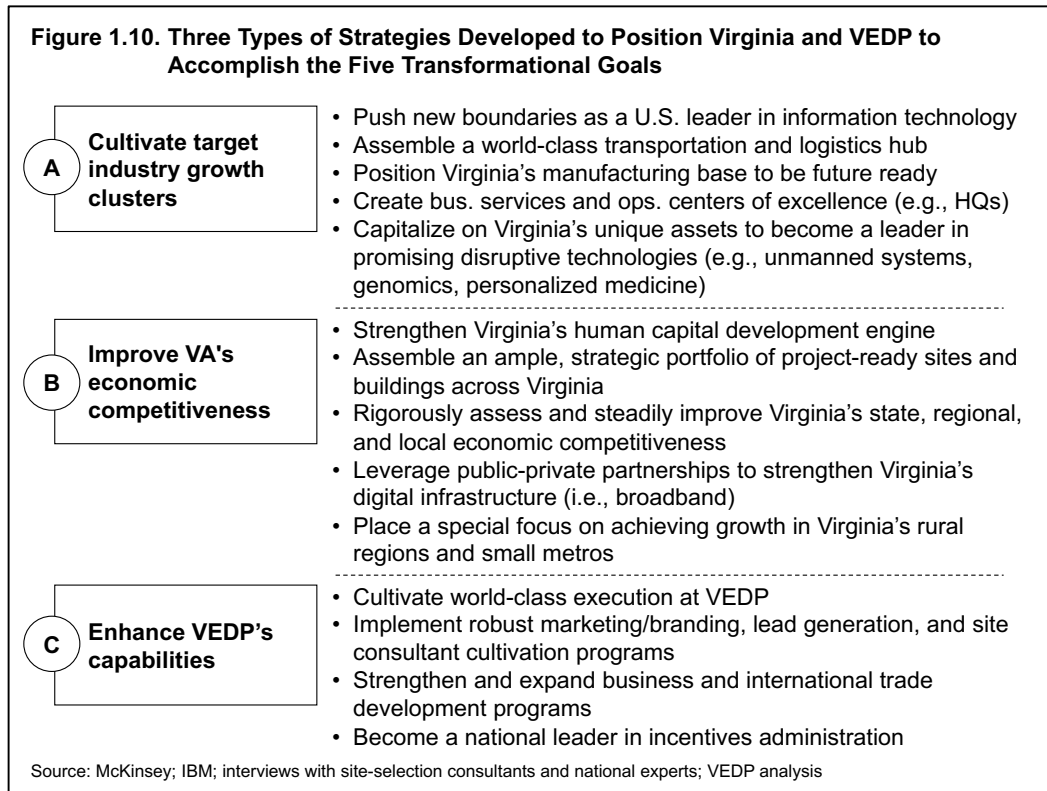
During the strategic planning process, a special focus was placed on VEDP’s coordination with local and regional economic development practitioners who collectively represent VEDP’s core partner group. With input from many local and regional partners, VEDP crafted a set of economic development protocols that provides clarity about how we will do our work together. VEDP intends to survey its partners once per year to seek feedback on how well the new protocols are working as well as to identify ways that VEDP can better execute its various operational commitments in those protocols.

A substantial challenge that must be acknowledged is that, based on IEDC-recommended funding sufficiency levels, most regional EDOs in Virginia are woefully underfunded relative to their missions. Likewise, many localities in Virginia have meager (or even zero) economic development budgets. The combination of these factors places even more pressure on VEDP to effectively perform its statutory duties as a strong state EDO for its regional and local partners,

especially in marketing and lead generation, yet the lack of state funding for marketing efforts means that VEDP currently is ill-equipped to pick up the slack.

Strategies and Initiatives

After integrating elements from the Economic Growth Analysis, as well as gathering partner suggestions, VEDP drafted a framework for action, including three types of strategies and 14 major strategies that collectively will, if funded and implemented as recommended, position the Commonwealth and VEDP to achieve the five transformational goals. These are summarized in Figure 1.10.



Building on the distinctive strengths of Virginia and its regions, the Economic Growth Analysis identified five promising industry growth clusters, each with a variety of subsectors, that can be cultivated to position the Commonwealth for faster growth. The associated initiatives are briefly summarized in Table 1.3. The “H/M/L” designations refer to high, medium, and low impact, respectively.

Table 1.3. Strategies to Cultivate Target Industry Growth Clusters

Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Push new boundaries as a U.S. leader in IT	Attract firms in the Cybersecurity 500 index	7.5	H	L	M	L	L	20	21	VEDP
	Commit state financial support for expanded, 21st-century technology campus(es)	10.0	H	L	M	L	L	20	23	TBD
Assemble a world-class transportation and logistics hub	Collaborate with The Port of Virginia to enhance its economic development efforts	See other initiatives*	H	M	M	M	H	19	21	Port, VEDP**
	Embrace regulatory experimentation to develop the next-gen of transportation and logistics technology	TBD	M	L	M	L	L	20	22	TBD
Position Virginia's manufacturing base to be future-ready	Enhance the toolkits, strategies, and assets on hand to attract targeted firms	5.1	M	H	M	M	H	19	21	VEDP, Partners
Create business services and operations centers of excellence	Develop clusters built around IT-focused Big Push efforts	11.0	H	H	M	M	H	19	23	VEDP, Partners
	Enhance existing technology transfer efforts at universities and federal labs	1.1	M	L	M	L	L	20	22	TBD***
Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies	Expand the startup ecosystem through dedicated resourcing and support	1.6	H	M	M	L	L	20	22	TBD***
	Create an InnoVate team to enhance Virginia's innovation ecosystem and branding	4.0	H	M	M	L	L	20	22	TBD***
Totals		\$40.2								

* Incremental investment estimates captured in other initiatives, such as site development and manufacturing attraction

** Strategy will be updated to reflect collaboration with The Port of Virginia's economic development strategy, once finalized

*** Owners likely will include a combination of CIT and university technology transfer offices, among others

While VEDP and its partners can collaborate to cultivate these target sectors, the Economic Growth Analysis suggested that Virginia's growth aspirations will not be realized without also improving the Commonwealth's economic competitiveness, including initiatives to strengthen Virginia's human capital development engine, prepare a strategic sites portfolio, and expand broadband access. The associated initiatives are listed in Table 1.4.

Table 1.4. Strategies to Enhance Virginia's Economic Competitiveness

Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Strengthen Virginia's human capital development engine	Create a turnkey, customized workforce recruitment and training incentive program	17.0	H	H	H	H	H	19	22	VEDP, VCCS
	Expand supply of high-need baccalaureate degrees in critical fields	<i>Developing*</i>	H	H	H	L	L	20	23	SCHEV, Partners
	Expand supply of high-need subbaccalaureate degrees and other credentials in critical fields	<i>Developing*</i>	H	H	H	L	L	19	23	VCCS, Partners
	Upgrade VA's labor market data infrastructure to empower data-driven decision-making	2.5	H	H	M	L	L	20	21	TBD
	Build excitement for 21st-century technology education and careers in K-12	4.2	H	L	M	L	L	20	23	TBD
	Provide targeted incentives to produce and retain talent with high-demand skills and experience	<i>Developing*</i>	H	H	M	L	L	20	23	TBD
Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia	Integrate employer partnerships more deeply into the workforce and education ecosystem	2.6	H	H	M	L	L	20	22	TBD
	Strategically enhance Virginia's portfolio of development-ready sites and buildings	1.7	M	M	L	M	M	19	22	VEDP, GO Virginia
Rigorously assess and steadily improve state, regional, and local economic competitiveness	Develop a public-private partnership to launch and manage a Site Improvement Fund	<i>Developing*</i>	H	H	M	M	M	20	23	VEDP, GO Virginia
	Build a best-in-class Economic Competitiveness team within VEDP	1.1	H	H	H	H	H	19	22	VEDP
	Pursue a national rankings initiative to develop strategies and plans for marked improvement	TBD	M	M	H	H	M	19	21	VEDP, VA Chamber
	Launch an Economic Development Innovation and Research Fund	1.8	H	H	H	H	H	19	21	VEDP
	Proactively address key elements of regional economic competitiveness	TBD	M	H	M	M	H	19	21	VEDP, Partners
	Develop a framework for assessing local economic competitiveness	TBD	M	M	M	M	H	19	21	VEDP, Partners
Leverage P3s to strengthen Virginia's digital infrastructure	Assess VA's state/local tax burdens and propose targeted solutions to improve tax competitiveness	TBD	M	M	M	H	M	19	23	TBD
	Marshal the Commonwealth's full support behind expanding broadband access	<i>Developing*</i>	M	H	M	L	L	20	23	TBD
Place a special focus on growth in small metros and rural regions	Pursue a focused economic development strategy sufficient to position rural VA for growth	See other initiatives **	L	H	M	M	H	19	23+	VEDP, Partners
Total (excluding developing concepts whose investment figures are being refined)		\$30.8								

* Investment figures for developing concepts will be further refined

** Investment estimates included in other initiatives (e.g., marketing, turnkey workforce solution)

Finally, in order for VEDP to effectively attract sophisticated companies as well as to effectively partner with other organizations to drive Virginia's economic development, its capabilities must be enhanced, with a particular focus on world-class execution, marketing and lead generation, creative and professional project management, and robust incentives administration, including due diligence, incentive structuring, and post-announcement monitoring and reporting. Table 1.5 on the following page references the proposed initiatives associated with enhancing VEDP's capabilities.

Table 1.5. Strategies to Enhance VEDP's Capabilities										
Strategy	Initiative	Incremental Investment (\$M/yr., avg.)	Impact on Goals					Execution (FY)		Leader(s)
			1	2	3	4	5	Start	Full	
Cultivate world-class execution within VEDP	Implement protocols for alignment and coordination	0.0	M	M	M	H	H	19	20	VEDP, Partners
	Establish structured quarterly communications program with economic development partners	0.0	L	L	L	H	H	19	20	VEDP
	Implement a training and professional development program for VEDP staff	0.2	M	M	L	H	H	19	20	VEDP
Implement robust marketing/branding, lead generation, and site consultant cultivation programs	Implement a robust marketing, branding, and site consultant cultivation program for Virginia	7.5	H	H	H	H	L	19	20	VEDP
	Upgrade VEDP's lead generation capabilities	1.0	H	H	M	H	M	19	21	VEDP
	Implement a strategic site consultant cultivation program	1.0	M	M	H	H	M	19	20	VEDP, Partners
Strengthen and expand business and international trade development programs	Expand VEDP's Business Retention and Expansion (BRE) program	1.4	H	H	M	H	H	19	21	VEDP, Partners
	Build deep, dedicated cluster expertise within VEDP's Business Investment division	2.7	H	M	H	H	H	20	22	VEDP
	Expand VEDP's well-regarded and oversubscribed International Trade development programs	4.3	M	L	L	H	M	19	23	VEDP
	Strengthen VEDP's approach to project mgmt. to communicate Virginia's total value proposition	0.0	M	M	L	H	H	19	21	VEDP
	Launch a Project Development and Special Opportunities Fund (partially implemented)	1.5	H	H	M	H	H	19	20	VEDP
Become a leader in incentives structuring, administration, and transparency	Build a dedicated division of incentives	0.6	-	-	M	H	H	19	21	VEDP
	Develop best-in-class incentives reporting functions	0.0	-	-	M	H	L	19	20	VEDP
	Position Virginia to secure transformational economic development projects	TBD*	H	H	M	H	H	19	20	VEDP
Totals		\$20.2								

* Investment levels will be project-specific and approved on a case-by-case basis by the MEI Commission

The Economic Growth Analysis suggests that these strategies and the initiatives associated with them, if fully implemented as proposed, could yield roughly 45,000 net new jobs per year (including direct and indirect jobs), on average, in the next decade, over and above baseline growth forecasts. To be explicit, these 45,000 potential net new jobs per year are in addition to the 30,000 net new jobs annually that recent forecasts predict. Implementation and execution of this Strategic Plan will unfold over the next five years, depending on resourcing levels. Each year of 45,000 new jobs over the baseline growth will add roughly \$85 million annually in sales tax and personal income tax revenues, excluding revenues from new corporate income taxes and local taxes. Accordingly, if the various strategies and initiatives are fully implemented and sustained for a decade, state tax revenues will increase roughly \$850 million per year over and above baseline growth.

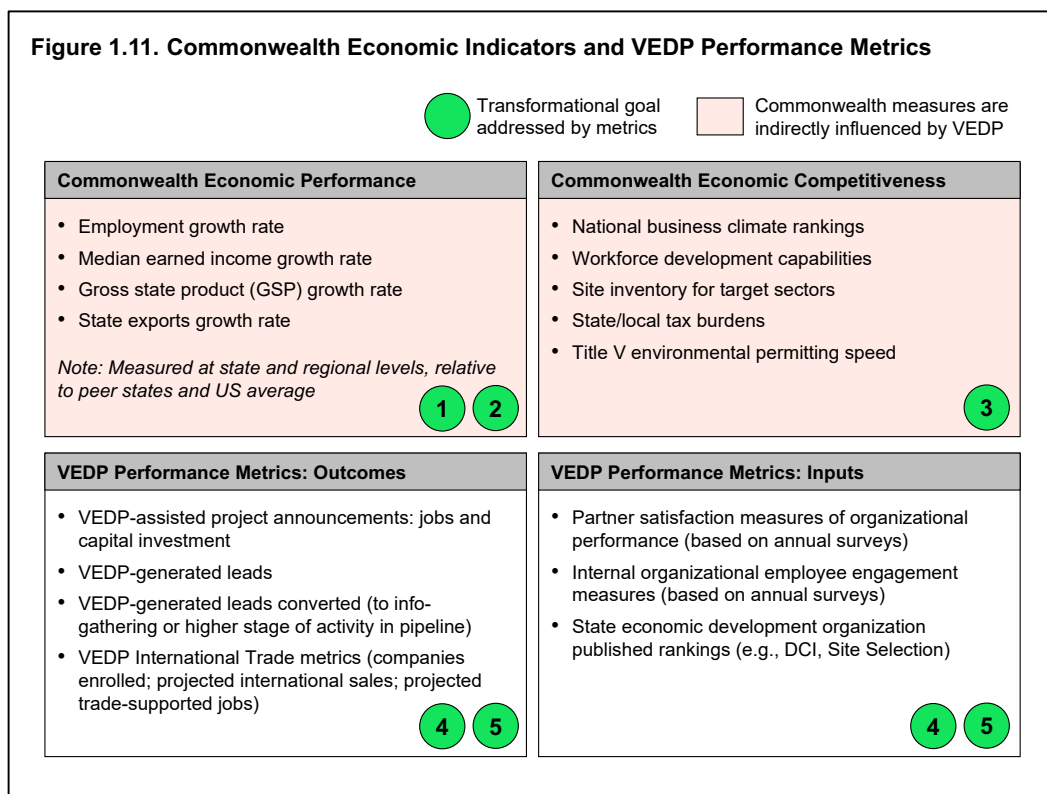
Full implementation of the proposed strategies and initiatives detailed in the previous three tables would require substantial new state investment, ramping up over five years to approximately \$90-95 million annually, excluding the five developing initiatives noted in Table 1.4. The developing initiatives require additional development to refine their designs and cost estimates. Collectively the developing initiatives are likely to require an additional annual investment ramping to roughly \$150-200 million over five years.

While these investments are considerable, the benefits of fully implementing this Strategic Plan would be transformational for the Commonwealth. In addition to the previously referenced new state tax revenue, Virginia would benefit from a return to net domestic population in-migration, billions more in sales for small businesses, substantially more economic opportunity in smaller metro areas and rural regions, and a restoration of its previous standing as one of America's best states for business.

Success will require collaboration across the previously referenced economic development partners (see Figure 1.9), high levels of execution from both VEDP and its partners, and the leveraging of technical expertise in certain high-impact areas (e.g., IT, genomics). Just as important, success will require significant investments, as previously noted.

Performance Indicators and Measures

Sound execution must be accompanied by detailed and meaningful progress monitoring. In order to measure success against each transformational goal as well as their precursors, VEDP has outlined two sets of economic metrics that it intends to track. The first set are Commonwealth performance metrics that are beyond VEDP’s direct control but function as indicators guiding VEDP’s strategies. The second set directly reflect VEDP’s activity and performance. Figure 1.11 highlights the envisioned performance indicators and metrics.



Baseline and target metrics will be developed as part of VEDP’s annual operational planning process. These indicators and metrics will be refined over time with input from VEDP’s local, regional, and state partners.

Conclusion and Call to Action

This Strategic Plan outlines an ambitious economic vision for Virginia and VEDP as well as specifies what is required to bring that vision to life. It begins by articulating five transformational goals and ends with a comprehensive list of targeted, actionable strategies and initiatives,

complete with performance metrics, cost and impact estimates, as well as suggested owners and implementation timelines for each of the initiatives.

Virginia has an important choice to make – maintain the status quo, watching peer states continue to outpace Virginia while some of the Commonwealth’s rural regions continue to languish, or commit to adapt, innovate, and invest in strategies that will drive healthy, broadly shared growth over the next decade and beyond. With a belief in Virginia’s unrealized growth potential and in a spirit of continued collaboration with its various partners, VEDP sets forth this strategic vision for economic development in the Commonwealth of Virginia.

Please note that this Strategic Plan will be complemented by an annual Operational Plan and an annual Marketing Plan – separate documents representing new requirements in the Code of Virginia – that will provide detailed tactical action plans for implementing VEDP’s strategic initiatives and other activities with improved accountability and performance. Additionally, the strategic planning process did not focus on agriculture (other than agriculture-related value-added manufacturing opportunities, such as food and beverage processing) or tourism because there are other state agencies with particular expertise and responsibility in those areas.

Virginia Economic Development Strategy and Action Plan

PRELIMINARY ECONOMIC STRATEGY

BRIEFING DOCUMENT

SEPTEMBER 2017



[Context] This strategy was built from insights across regional leaders, expert interviews, and a mix of quantitative and qualitative research



Regional workshops

- **Twelve regional workshops** across 16 regional EDOs, the four largest Northern Virginia counties, and the Eastern Shore, **engaging 250+ participants to date** across economic development, education, and industry leaders, reviewing Virginia's economic performance, the region's strengths and assets and discussing potential priority initiatives



Expert interviews

- **Targeted interviews of 50+ subject experts** supporting a range of analyses, including, but not limited to: VEDP subject matter experts; Virginia thought leaders; external experts; and reviewing best practice case studies
- **Thematic workshops planned on priority topics** to engage subject experts in review of current context and initiative development and refinement



Macroeconomic analysis

- **Desk research of macroeconomic data to assess current performance and competitiveness**, isolating priority opportunities statewide and regionally:
 - Competitiveness analysis for nine priority industries
 - Sector-based target industry identification and cluster analysis
 - Sensitivity analysis across different interventions in priority sectors & regions
 - Regional nuance investigated across all regions of Virginia



Document review

- **Review and synthesis of existing plans, strategies, and analyses** from regional and sectoral expert sources, including, but not limited to:
 - Existing regional plans from 16 EDO's examined
 - Draft GO Virginia plans for all 9 regions
 - Publications from thought leaders throughout the state

We are in the process of reviewing our initial findings with a range of stakeholders from the public, private and non-profit sectors, and we value additional input as we refine our work

Virginia's abundant economic strengths are evidenced in macroeconomic performance and distinctive assets, however they are partially offset by emerging weaknesses

Strengths

Macroeconomic strength, including 7th highest state median income

Leading education attainment, (2nd ranked university system, 5th highest BA)

Diverse employer base, with specialization in high growth sectors

Central location on the East Coast, with strong air and water freight connectivity

Innovation leadership, supported by leading VC and federal R&D investment

Top state for business, frequently ranking highly in business climate

Weaknesses

Lagging economic projections as growth in many industries slows

Gaps in workforce supply / demand matching (27% of BA+ working a job that doesn't require degree)

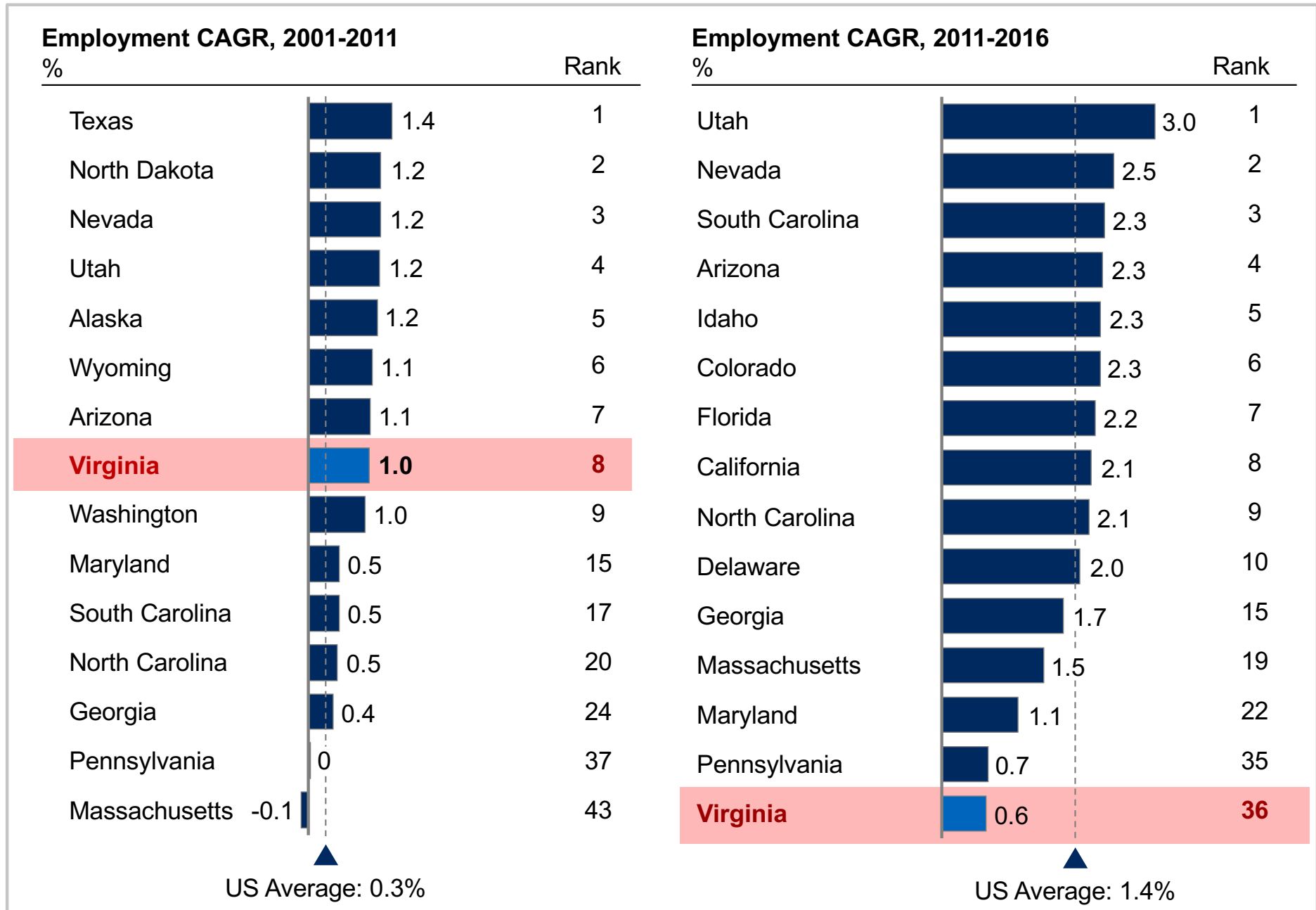
Over-dependence on government funding (highest share of Federal contract-funded private-sector jobs)

Infrastructure challenges, including broadband gaps and congestion

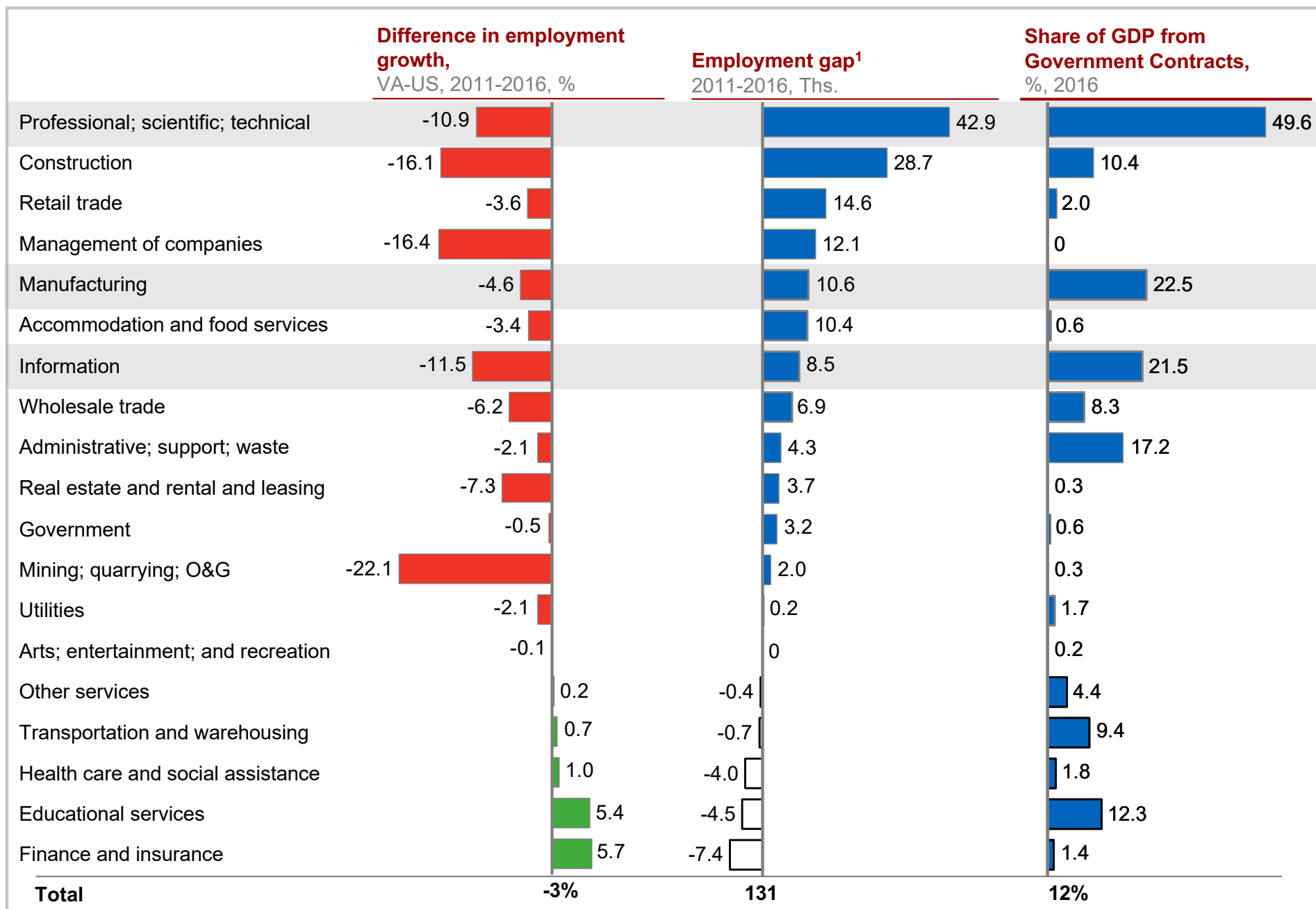
Limited commercialization of intellectual property

Elevated tax burden on new investment

VA weathered the recession with above average growth, but has struggled throughout the recovery (largely due to sequestration)



The employment gap is largest in tradable sectors with a heavy reliance on government funding

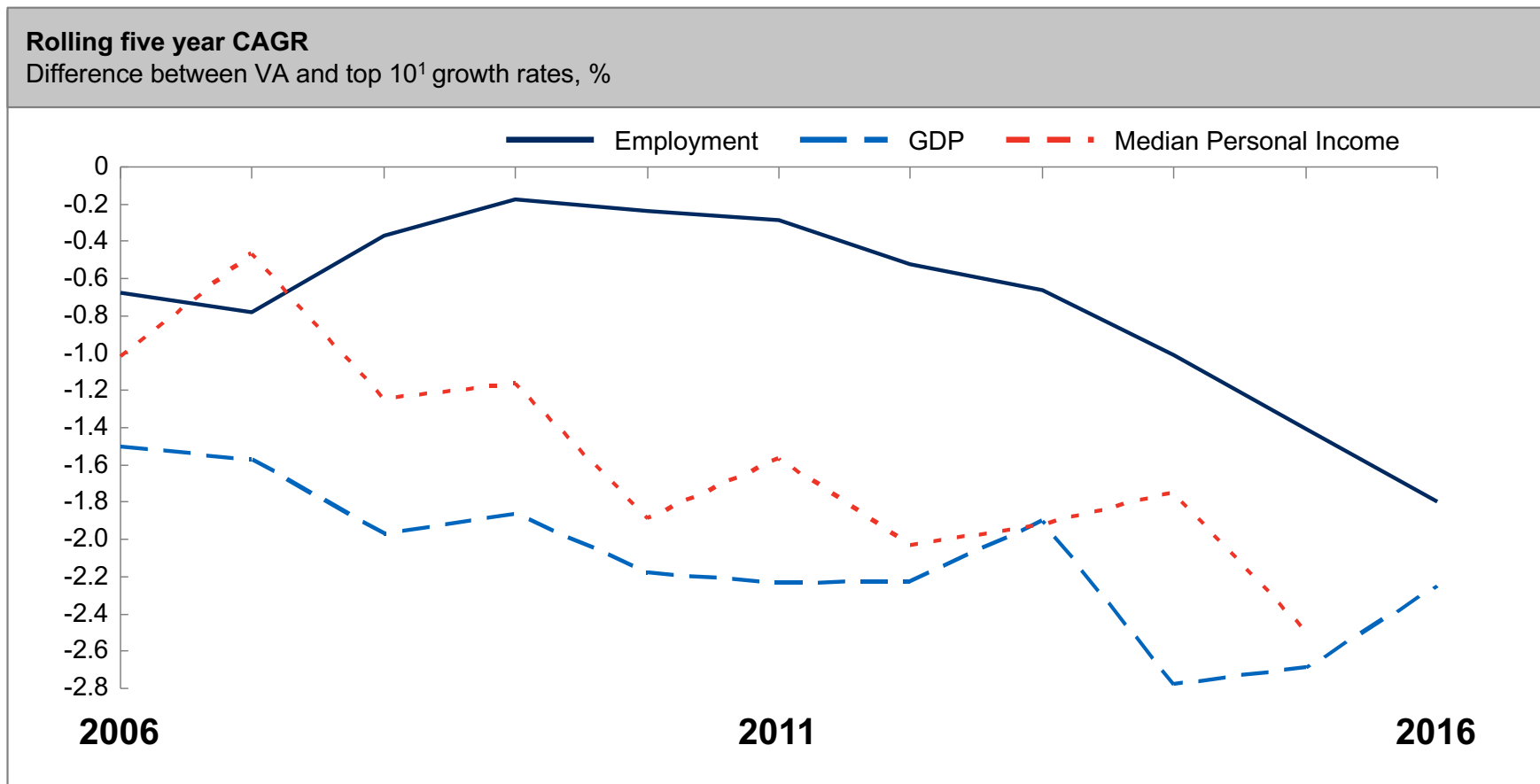


¹ The employment gap is defined as the potential gain or loss in employment that would have resulted from each sector growing at the US average rate

As Northern Virginia's growth has slowed, the rest of the state has experienced a relative increase in new jobs over the past five years

Region	Employment CAGR, 2006-2011, %	New jobs, k	New jobs, %	Employment CAGR, 2011-2016, %	New jobs, k	New jobs, %
Northern Virginia	1.3%	81.5	104%	0.9%	60.4	44%
Rest of Virginia	0%	-2.8	-4%	0.6%	75.6	56%
Greater Williamsburg Partnership	0.6%	2.3	3%	0.8%	3.1	2%
Central Virginia Partnership for Economic Development	0.6%	4.5	6%	1.0%	8.0	6%
New River Valley Economic Development Alliance	0.5%	2.1	3%	0.7%	3.1	2%
Greater Richmond Partnership	0.4%	9.0	11%	1.6%	41.8	31%
The Lynchburg Regional Business Alliance	0.2%	1.2	2%	-0.1%	-0.6	0%
Hampton Roads Economic Development Alliance	0.1%	3.8	5%	0.4%	14.1	10%
Roanoke Regional Partnership	0.1%	0.6	1%	0.2%	1.2	1%
Virginia's Growth Alliance	-0.1%	-0.3	0%	-0.2%	-0.6	0%
Fredericksburg Regional Alliance	-0.1%	-1.0	-1%	1.0%	8.4	6%
Shenandoah Valley Partnership	-0.2%	-2.8	-4%	0.5%	6.4	5%
Northern Neck Chesapeake Bay Region Partnership	-0.5%	-1.1	-1%	-0.6%	-1.4	-1%
Virginia Coalfield Economic Development Authority	-0.7%	-2.9	-4%	-3.1%	-11.2	-8%
Middle Peninsula Economic Development Resource Organization	-0.8%	-1.7	-2%	0.2%	0.4	0%
Virginia's Industrial Advancement Alliance	-1.1%	-4.8	-6%	0%	0.1	0%
Virginia's Gateway Region	-1.3%	-4.3	-5%	0.7%	2.2	2%
Southern Virginia Regional Alliance	-1.5%	-7.3	-9%	0.1%	0.5	0%
Total	0.5%	78.7	100%	0.6%	135.9	100%

Virginia's income and GDP performance also deteriorated over the past decade with sequestration, reaching bottom 5 and 10 respectively

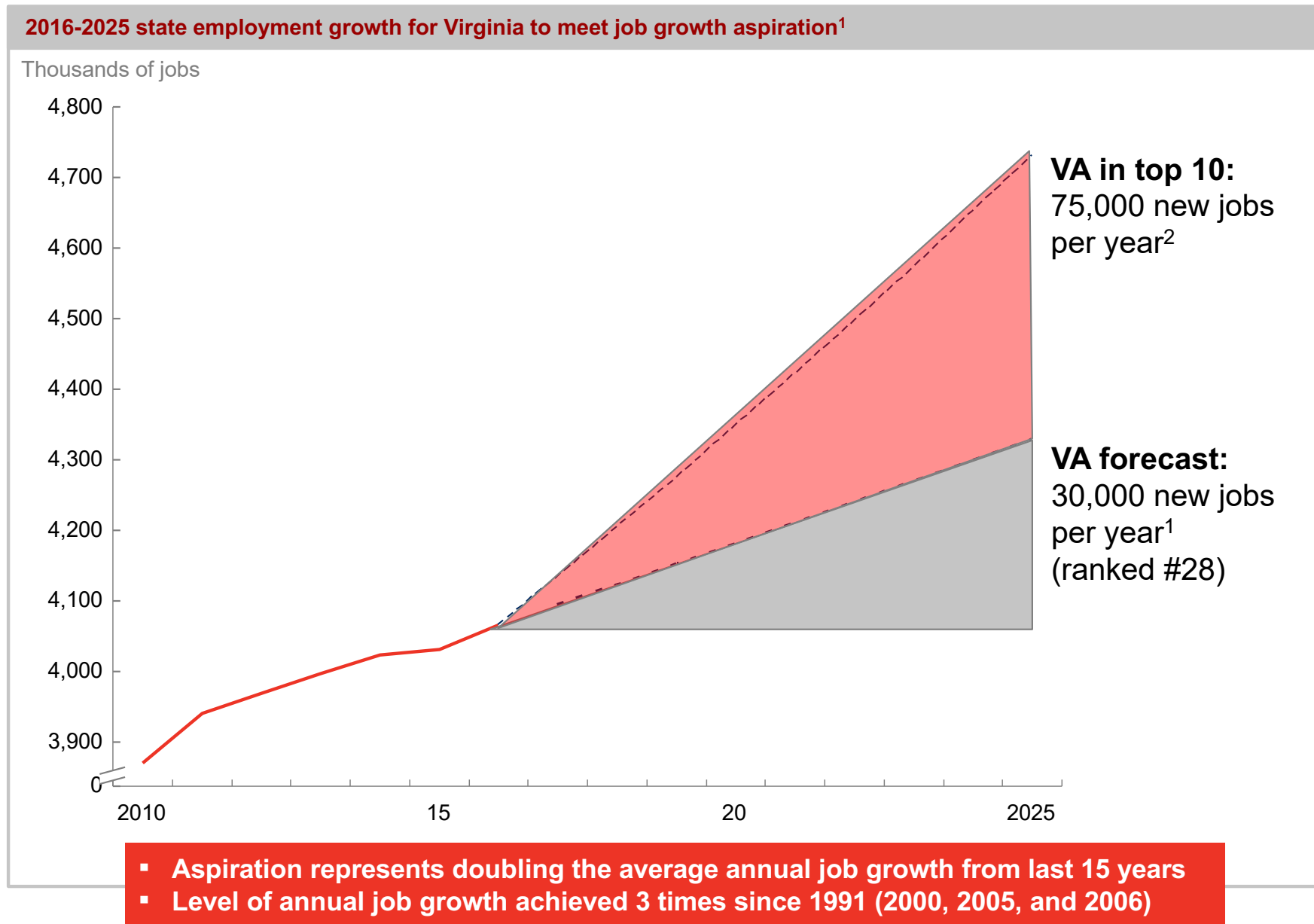


Employment growth Rank	12	6	36
GDP growth Rank	19	22	42
Income growth Rank²	4	24	46

¹ Top 10 is defined as the average value of a state in the top 10 by growth rate for any given year

² Income is measured as real median income of employed individuals, and is shown for the period of 2005-2015

Aspiration: Virginia needs to at least double baseline employment growth expectations to be among the top 10 states



¹ Historical trends based on CAGR 1990-2015; forecast trends based on CAGR 2015-2025

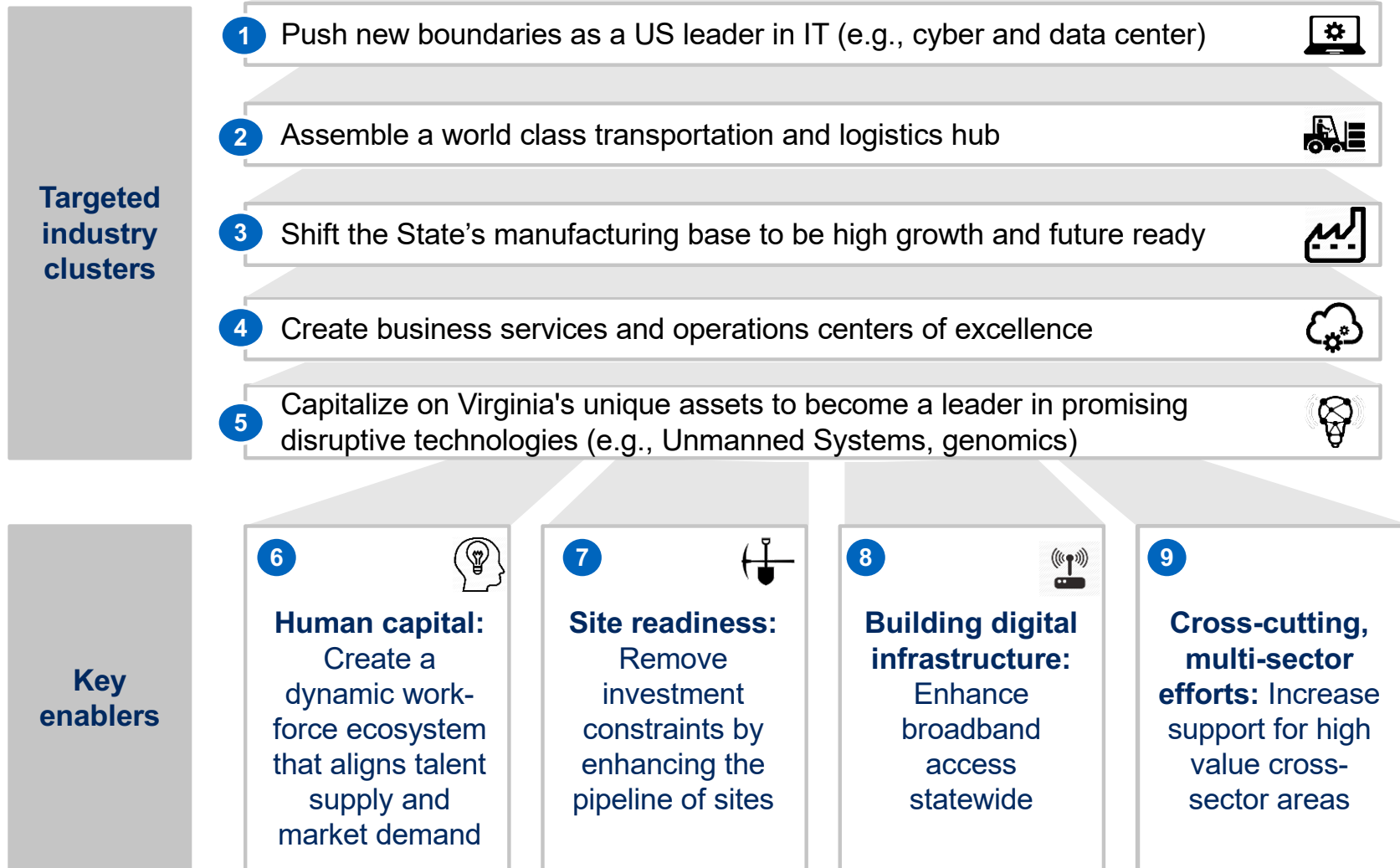
² Top 10 represents the average forecasted growth rate of the top 10 US States from 2015-2025

SOURCE: BLS, Moody's Analytics

Emerging hypothesis: VA can prioritize high potential industries and strengthen key enablers to achieve its goals

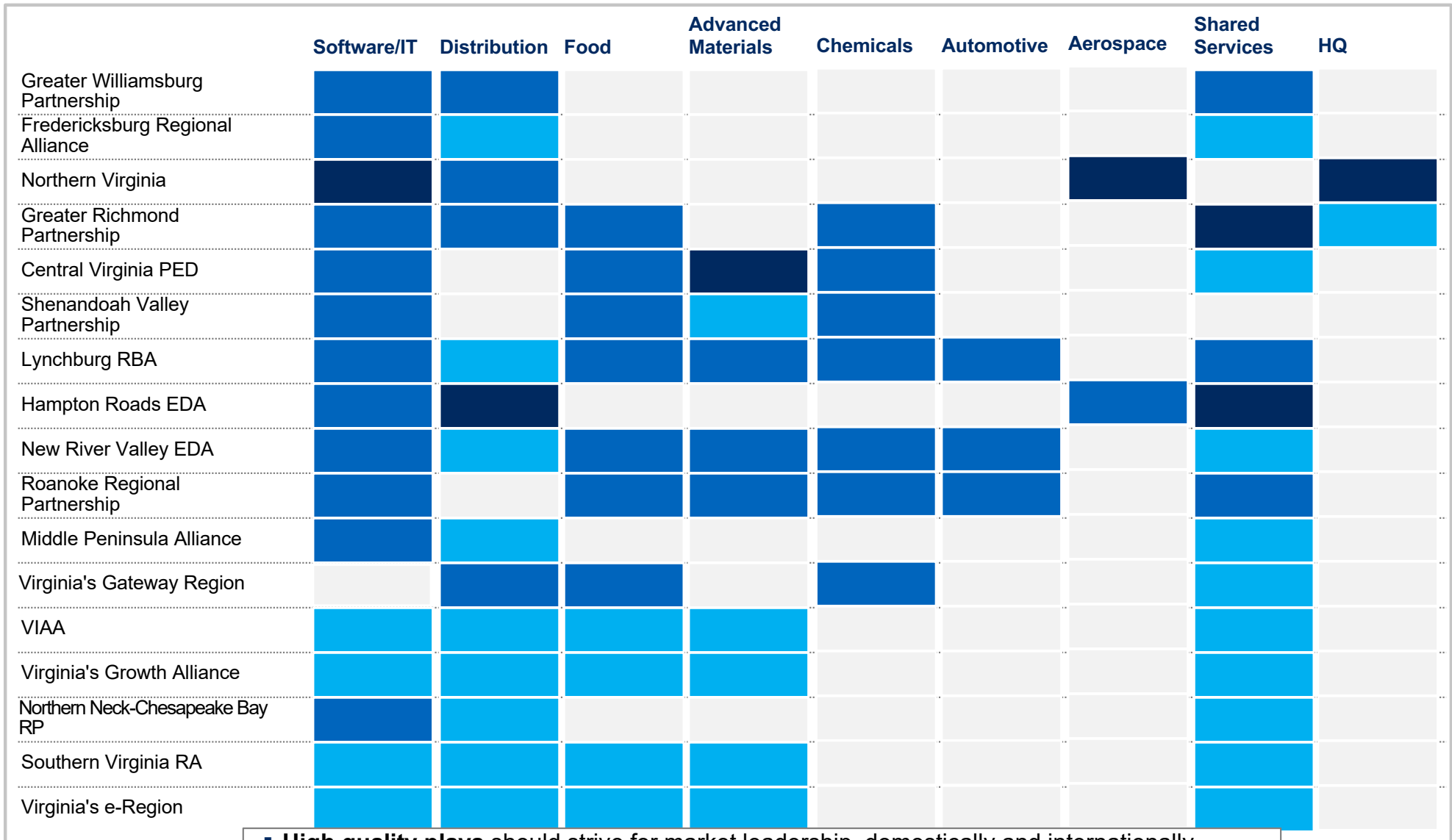
PRELIMINARY

Over time, position Virginia to rank in the **top 10 states in the US** for both employment growth and growth in median earned income of workers, ensuring **no region is subject to economic decline**



All regions in Virginia have a competitive value proposition in several industries, with a variety in the types of 'plays' they can consider


PRELIMINARY



- **High quality plays** should strive for market leadership, domestically and internationally
- **Middle market plays** should focus in cluster development and leveraging local assets
- **Value players** should focus on mid-sized, cost sensitive operations
- **IT, shared services, and distribution centers** have strong potential throughout Virginia

Strategies

Priority initiatives

1 Push new boundaries as a US leader in IT 

- A. **Cyber attraction strategy** with dedicated outreach, attraction, and incentives
- B. **Cyber Campus:** Create a competition to create a cybersecurity campus with a mandate for research and training, dedicated industry partners and private sector applications
- C. **Early tech outreach:** Create K-12 tech “academy” helping students get familiar with tech and outreach for targeted STEM skills to promote interest as early as 9th grade
- D. **Community college tech pipeline expansion:** Engage to promote IT skills development
- E. **IP Hunt team:** Build capability to find and grow commercializable ideas

2 Assemble a world class transportation and logistics hub 

- A. **Port of opportunity:** Embrace technology, capital investment and site development to create a leading transportation hub at the Port of VA
- B. **Regulatory experimentation:** become the best state for testing the tech frontier and disruptive trends (e.g., autonomous vehicles) to support the next generation of transportation and logistics investments

3 Shift the State’s manufacturing base to be future ready 

- A. **Targeted attraction strategy** – develop levers to build clusters around anchor players in target regions and subsectors with appropriate discretionary spending for targets
- B. *Maintain inventory of sites with certification and evaluations and modernize online site tool*
- C. *Business retention and expansion program to protect and expand base and identify supply chain opportunities with local EDOs*

4 Create business services and operations COEs 

- A. **IT Big pushes:** Create coordinated university, workforce, quality of place and attraction investments in selected rural locations (e.g., UVA Wise, Pulaski downtown)
- B. *Cluster development through targeted anchor attraction across BTO, HQ and centers of excellence*

5 Capitalize on VA’s unique assets to become a leader in promising disruptive tech 

- A. **Tech transfer/startup hub** to deep dive and cultivate IP at universities and federal labs, and tee it up for entrepreneurs to run with
- B. **InnoVate team and brand** to develop and execute an innovation strategy for the state, including building a supportive innovation environment, in alignment with all key stakeholders

Prioritizing signature initiatives across these four enabler-focused strategies can help stimulate VA's economic development



6 Human capital

Create a dynamic work-force ecosystem that aligns supply and market demand

- **Turnkey customized workforce solution** to provide new companies with the tailored workforce they need, and train job seekers for in-demand work
- **Labor market information infrastructure** to help individuals identify and pursue high-demand fields (including a skills profiler, training finder, job matching platform, and interactive career pathing tool for students)
- **Attraction/ retention of high demand credentials** through targeted debt forgiveness
- **Expansion of high need credentials** through out-of-school, interactive STEM programs for K-12 students
- **Employer partnerships** to boost skills-based hiring and help training providers learn and action employer demand (including VirginiaApprenticeships)



7 Site readiness

Improve investment preparedness by enhancing the pipeline of sites

- **Dedicated site improvement fund** attracting private capital to make patient investments to have a handful of high value sites fully prepped and in a portfolio, focusing on high demand site profiles (large plots for manufacturing, high quality office space, etc.)
- **Building development fund:** Provide an attractive financing method to enable communities to construct marketable, industrial shell buildings



8 Building digital infrastructure

Enhance broadband access throughout VA

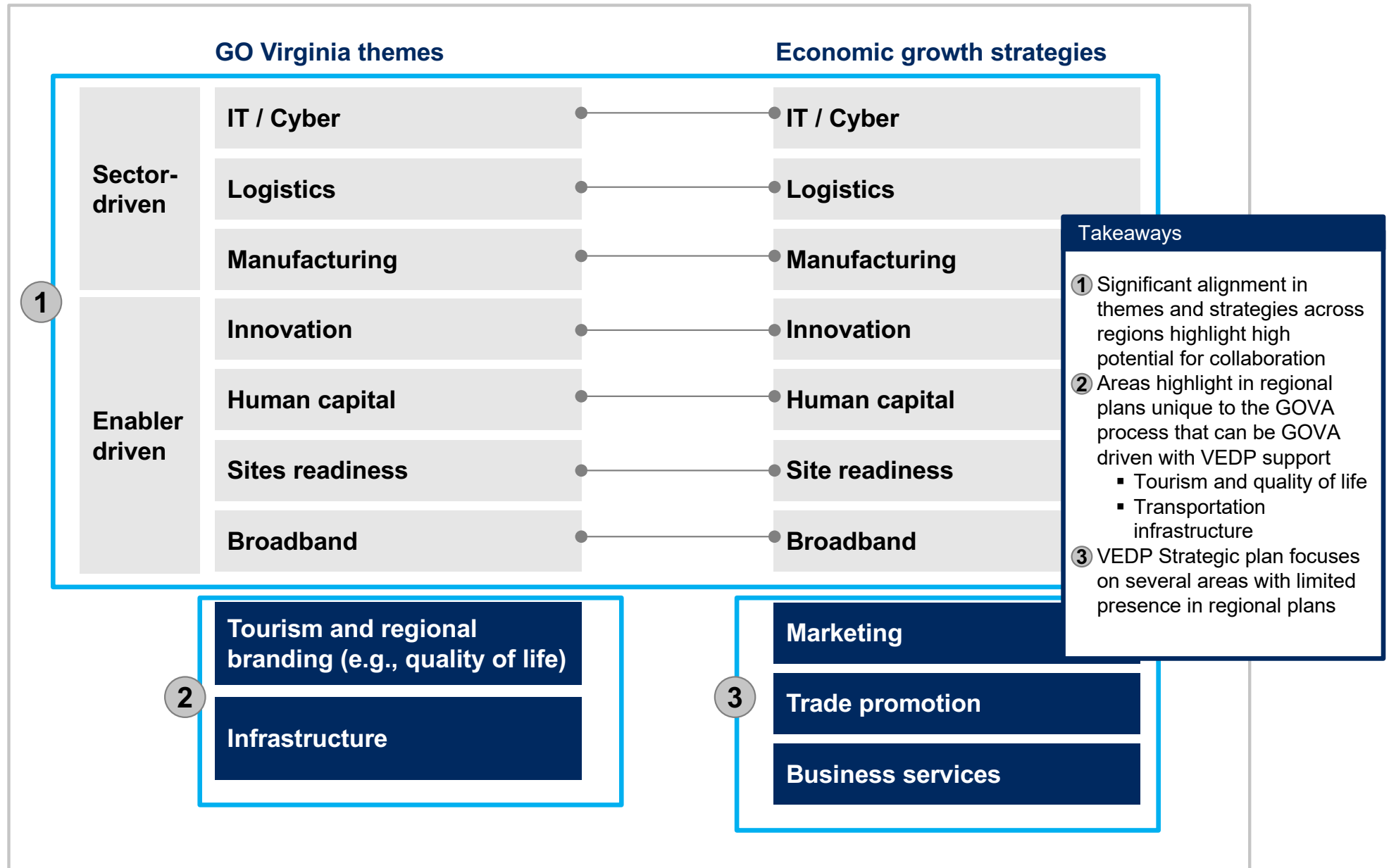
- **Wired VA** – Put the State's full support behind broadband infrastructure, using competitions, creative financing, and regional collaboration

9 Cross-cutting, multi-sector efforts

Increase support for high value cross-sector areas

- **Expand trade development programming:** Increase investment in trade promotion, for example expand the VALET program, increase support of service-sector exports and connect VA companies with international import opportunities
- **Marketing the state:** Invest to create better awareness of Virginia as a premier business destination, anchoring on the state's distinctiveness in core sectors

There is significant alignment between themes in the regional plans and the strategies in the economic development strategies with a few unique elements



Executive Summary

Targeting high growth sectors

Investing in enablers

Potential impact

- 1 Virginia has a strong history of economic strength with multiple assets** that supported an extended period of leadership in economic growth and dynamism, particularly in the early 2000s:
 - One of the **wealthiest states** in the US (median household income ~20% above US average), with low unemployment rate compared to regional peers (4.4% vs 5.3% US average) and considered one of the **best states to do business** (frequently ranked highly in business climate, #1 in 2013)
 - **Human capital assets** that are central to today’s US and global economy, including highly educated workforce, leading educational institutions; a large, tech-driven professional services sector
 - Historic **competency in innovative leadership** in the public (3rd in the nation in federal R&D investment) and private (4th in US in VC dollars per capita) sector
 - Central location coupled with **foundational infrastructure and connectivity**, strong presence in **air and water freight**, and **high internet speed** in leading regions

- 2 However, with federal spending slowed by sequestration, VA’s economic performance lagged over the past 5 years** (dropping to #36 in job growth in the US from 2011-16 from #8 in 2001-11). Moreover, **disruptive trends** are changing the economy at an unprecedented pace and will directly affect Virginia’s competitiveness.
 - **Sector underperformance with diversification needed to increase resilience:** 14 of 19 sectors trailed US sector GDP growth over last 5 years, translating to 131,000 fewer jobs than average growth would create. With ~30% of Virginia’s economy tied to federal spending, lagging tradeable sectors (e.g., professional services, IT) have high concentration of federal contracts (20-50%)
 - **Uneven regional growth:** From 2006-2011, Northern Virginia created 104% of jobs in the state while many regions – particularly in southwest and along the bay, experienced negative or little growth. From 2011-16, growth was experienced across more regions of Virginia, however Richmond was the only region to outpace the US average (1.6% vs 1.4%).

- 3 VA’s bold new aspiration:** VEDP has set a series of ambitious goals to support Virginia to change the trajectory to achieve top ten fastest-growing states in the US in **both** job and wage growth to create quality jobs, and ensure no region is subject to economic decline
 - To achieve these goals, Virginia would need to create 450K more jobs per year above current baseline projections – nearly double projected levels – and experience wage growth significantly higher the experience of the past 5 years

- 4 Developing targeted industry cluster specialization:** There are significant sector assets Virginia can build on. An analysis of macro trends and private sector investment yields five core industry-specific initiatives Virginia can pursue:
 - **Push new boundaries as a US leader in information technology** (e.g., software, cyber and data)
 - **Assemble a world class transportation and logistics hub** that grows market share and creates pre-eminent position along the east coast
 - **Shift the state’s manufacturing base** to be high growth and future ready (e.g., Chemicals, Advanced materials and composites, Agricultural manufacturing, Next gen food processing)
 - **Create business services and operations centers of excellence** throughout the state (e.g., Shared services centers, Headquarters/management)
 - Capitalize on Virginia's unique assets to **become a leader in promising disruptive technologies**

- 5 Growing and deepening strength of enablers:** Virginia can leverage its historically strong asset base but must adapt to address the needs of today and position itself for the future, in particular:
 - **Human capital:** Create a dynamic work-force ecosystem that aligns talent supply and market demand
 - **Site readiness:** Remove investment constraints by enhancing the pipeline of sites
 - **Building digital infrastructure:** Enhance broadband access statewide
 - **Cross-cutting, multi-sector efforts:** Increase support for high value cross-sector areas (e.g., trade, marketing)

- 6 Achieving Virginia’s goals:** Priority initiatives in target sectors can achieve both the growth goals in employment and wages as well as the goal of ensuring no region is subject to decline, however the state will need to invest significant resources and enhance capabilities to implement this ambitious program
 - Analyzing historical and forecast scenarios for Virginia suggests potential to generate ~150K to ~475K jobs in target industries based on performance
 - Estimated impact of signature and supporting initiatives over the next 10 years would achieve ~250-500K incremental direct and indirect jobs, exceeding the job growth target
 - These strategies further represent enhancing employment in high wage areas, in particular growth in IT and select manufacturing sectors have outsized wages (\$120k-160k) supporting the improvements in VA’s wage growth
 - Rural “playbook” of target industry promotion and priority initiatives can achieve VA’s goal of ensuring no region is subject to economic decline, creating up to 23k jobs relative to the 10k target in regions projected to decline

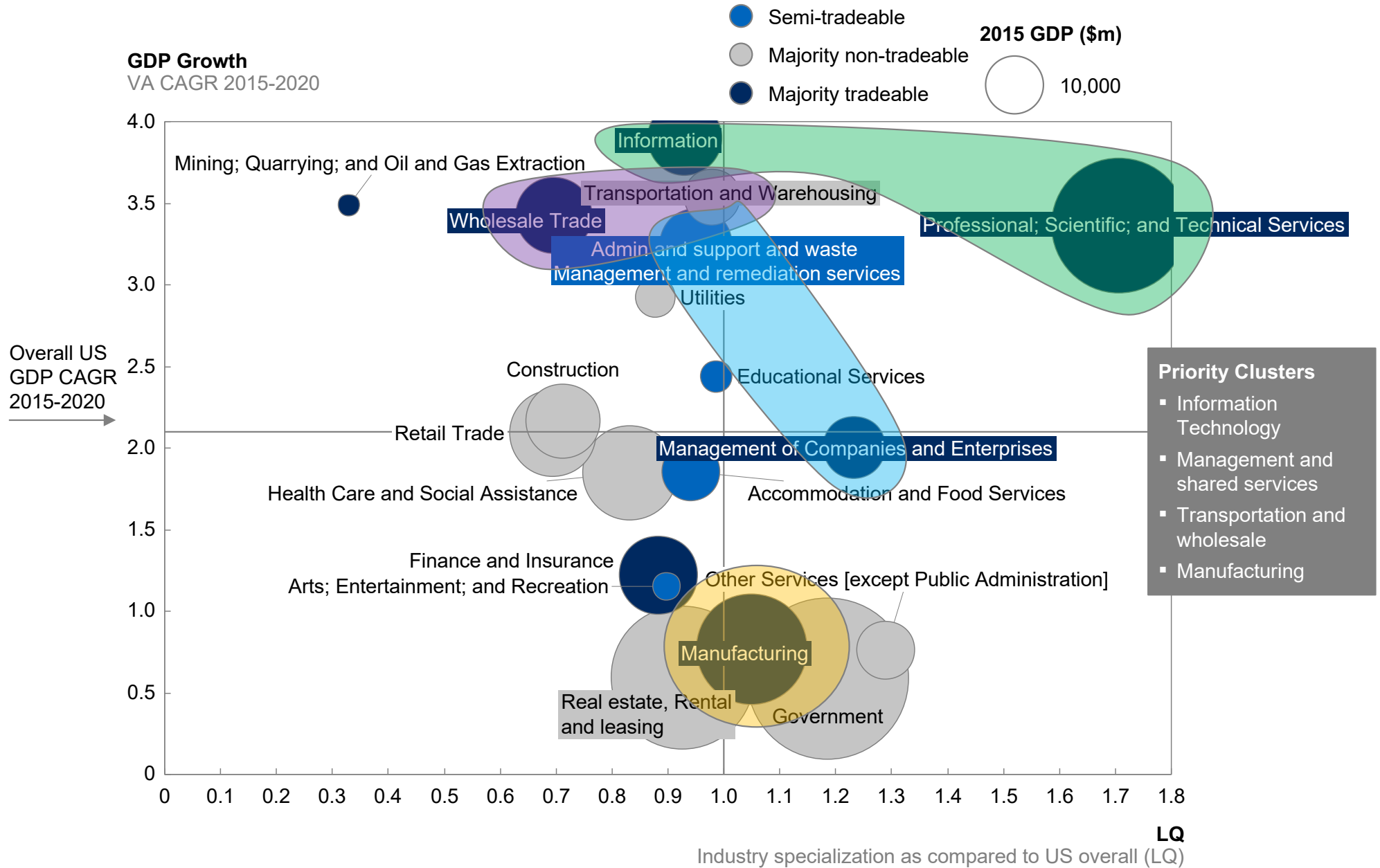
Executive Summary

Targeting high growth sectors

Investing in enablers

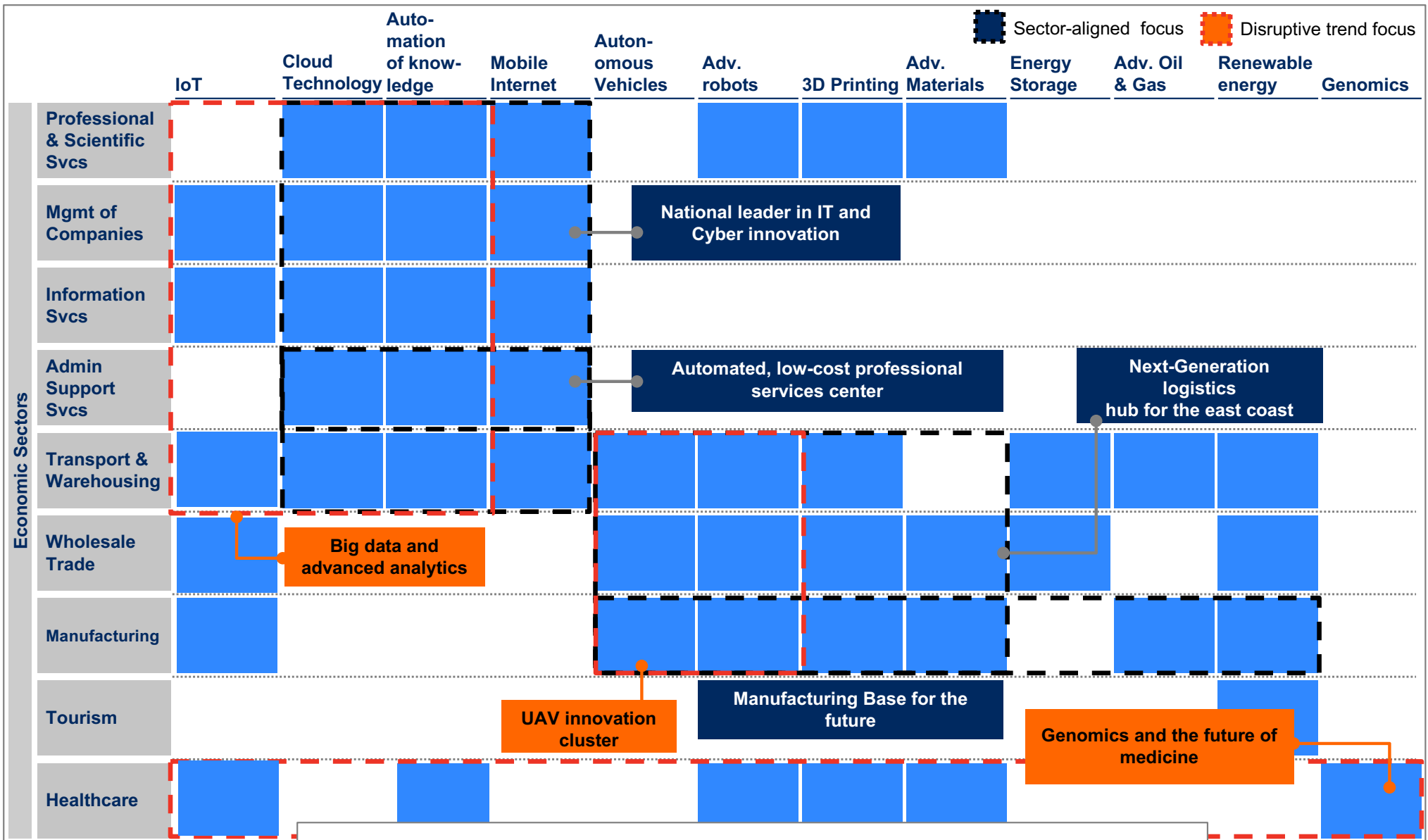
Potential impact

Looking at overall industry mix in Virginia, four thematic combination of tradable sectors stand out as having high growth potential



A further analysis of disruptive trends highlights promising economic initiatives where VA could capitalize on its unique assets

DRAFT



- Winning in disruptive trends will require focused efforts on targeted state assets, including both facilities and key thought leaders

What it takes to win in each sector in Virginia

Sector themes

1

Push new boundaries as a US leader in IT



What it takes to win in Virginia

- **Expand cyber & IT talent pipeline** to close supply/demand gap and increase attractiveness (e.g., 47,000 cyber job openings in greater DC area)
- **Gain critical mass of IT expertise** across VA (low talent density in 7/10 metros)
- **Reduce reliance on government for diversified growth** (74% of job postings government related), and maintain position as a top home for cyber talent

2

Assemble a world class transportation and logistics hub



- Strengthen and promote **world-class transport infra anchors**
- **Expand network of trade partners** to make VA instrumental in trade
- Target **leading edge** manufacturing activity to attract innovative companies
- Enhance the **quality and availability** of distribution real estate (site & zoning)

3

Shift the State's manufacturing base to be high growth and future ready



- **Upskill existing talent base** to adapting company needs/industry trends to stay relevant and maintain position in sector
- **Identify and attract major 'anchors'** to build clusters around – leveraging incentives wisely – and create more VA centric value chains in priority sectors
- **Develop and maintain large, ready sites** to win megadeals

4

Create business services and operations centers of excellence



- **Ensure far reaching broadband connectivity** to maximize agility of solutions for companies and job seekers (only 84% of VA has access to broadband)
- **Enhance skills and talent** through targeted training and/or degree promotion
- Identify and build HQ clusters based on local synergies

5

Capitalize on VA's unique assets to become a leader in promising disruptive technologies



- **Build momentum around a priority disruptive trend such as genomics** with expert talent, interested capital, and potential industry partners
- **Support new businesses** at the frontier of applications in priority trend
- **Expand entrepreneurial talent pipeline** and support startups with infrastructure, financial capital, and community/ knowledge

Why Virginia is positioned to succeed

Strategy

	Description	Fit with Virginia
1 Push new boundaries as a US leader in IT 	<ul style="list-style-type: none">▪ Leverage Virginia's position as a leading home for IT talent to become globally competitive and an industry leader	<ul style="list-style-type: none">▪ Virginia has a wide spectrum of attractive IT value propositions, ranging from world class talent needed by market leaders to low cost markets attractive to price sensitive companies
2 World class transport and logistics hub 	<ul style="list-style-type: none">▪ Leverage transportation assets to create a state with a thriving trade network that enables economic growth	<ul style="list-style-type: none">▪ Virginia is home to one of the largest ports on the east coast, a world class rail network, and has close proximity to the major east coast population centers
3 Shift the State's manufacturing base 	<ul style="list-style-type: none">▪ Ensure that the state's manufacturing base shifts towards the segments with the brightest prospects in the coming years	<ul style="list-style-type: none">▪ Virginia's manufacturing base is substantial, with concentrated populations found throughout the state▪ Virginia's high quality talent and business friendly reputation make it a strong candidate when attempting to attract high growth manufacturers to the state
4 Create business services and operations COEs 	<ul style="list-style-type: none">▪ Build on existing talent pools, and use big push strategies to create new hubs throughout VA	<ul style="list-style-type: none">▪ Virginia has a combination of high quality talent and strong educational pipelines▪ VEDP has a successful model for building critical mass in rural regions
5 Capitalize on VA's assets in promising disruptive technologies 	<ul style="list-style-type: none">▪ Make a big bet in an upcoming technology with the potential to create tremendous impact, such as genomics or unmanned vehicles	<ul style="list-style-type: none">▪ Proximity to government gives Virginia an advantage if it wants to find regulatory allowances that can differentiate it in disruptive tech▪ Existing talent hubs (Inova, Virginia Biotech, Wallops) provide the expertise needed to truly compete in emerging technologies

Virginia has the ability to develop strong comparative advantages across several high potential industry clusters (1/2)

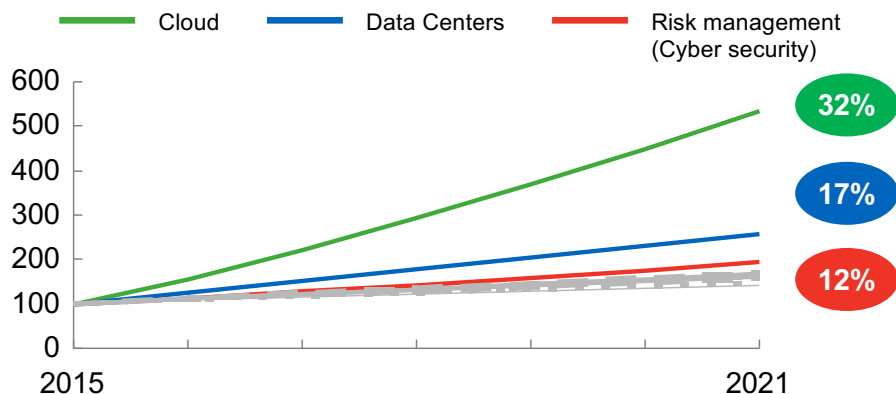


Push new boundaries as a US leader in IT

Virginia has specialization in many of the fastest growing segments within IT...

Projected North American Industry segment growth¹

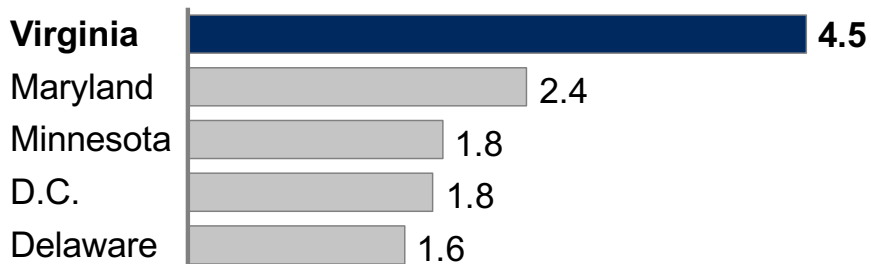
Indexed to 2015, CAGR



Virginia is particularly distinctive in cyber security, with the largest population of cyber analysts and highest location quotient of IT occupations of any state

Cyber specialization by state

Location quotient, 2016

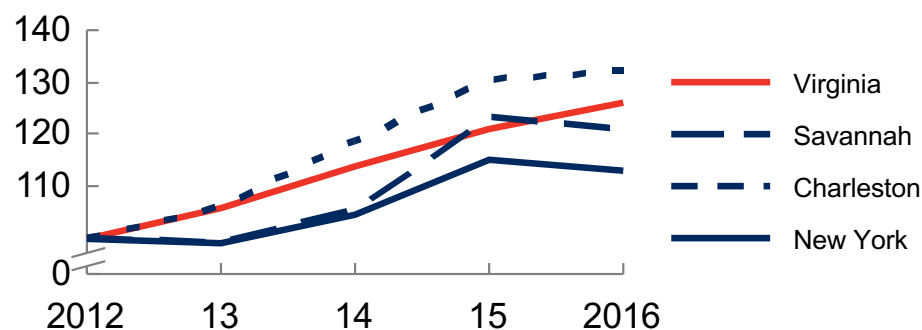


World class transport and logistics hub

The Port of Virginia has been experiencing strong growth since 2012...

Port activity 2012-2016

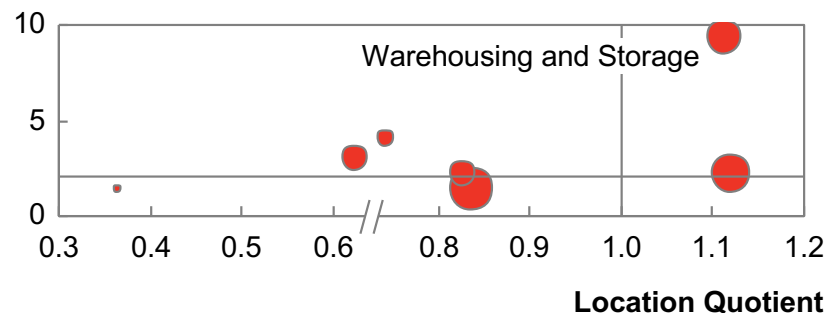
TEUs indexed to 2012



Virginia's broader transportation and logistics industry is currently well positioned in the warehousing industry, but can spur more inclusive growth by developing a stronger cluster around the Port

Transportation and logistics GDP Growth

VA CAGR 2015-2020



¹ Top 10 segments with >\$5bn in 2015 sales by growth rate
SOURCE: BLS, BEA, Moody's Analytics, annual reports, Gardner

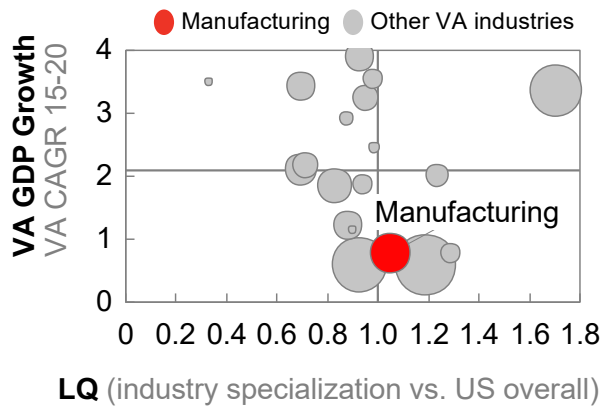
Why Virginia is positioned to succeed (2/2)



Shift the State's manufacturing base

VA has a large manufacturing base, with above-average specialization...

Industry size, growth and specialization
% CAGR v. LQ (bubble size = industry output)



And an array of attractive assets for manufacturing firms



Pipeline of technical talent



Transport infrastructure



Right to work state

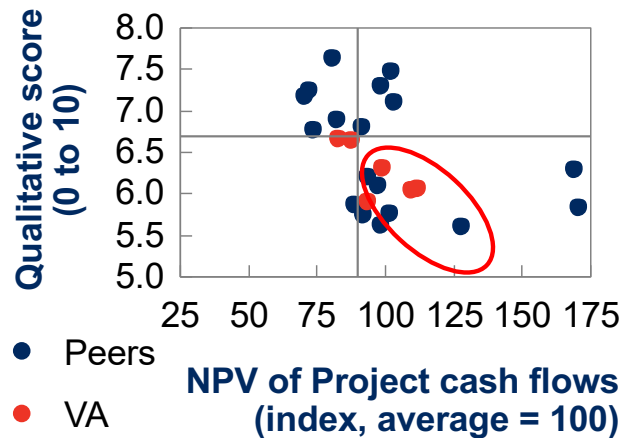


Create business services and operations COEs

Business support services have a strong and varied value proposition...

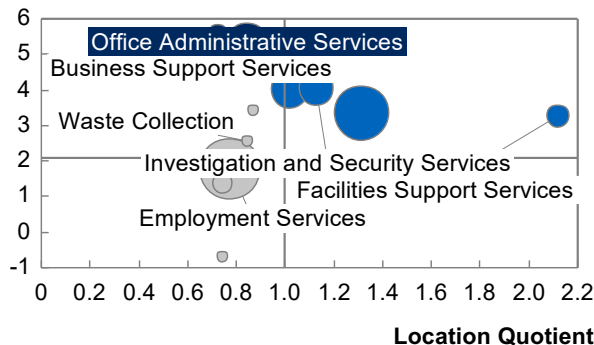
Competitive position in BSS

Cost v Quality



With strength in several growing clusters of business services

GDP Growth
VA CAGR 2015-2020

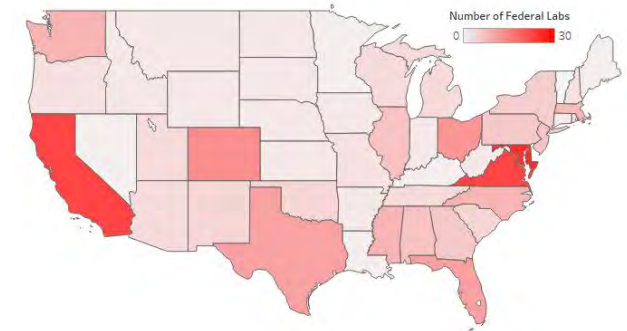


Capitalize on VA's assets in promising disruptive tech

Virginia has access to an unusual number of federal labs...

Federal labs per state

#



And has a series of distinctive R&D assets, from healthcare to drones, that can drive innovation



Competitiveness analysis highlights effective levers vary by industry and targeted interventions that enhance the competitiveness of various sectors formed the basis for initiative design



Effectiveness of interventions by sector

	Skills improvement	Cluster development	Innovation - R&D	Transportation infrastructure	Real estate - cost & availability	Utility costs	Incentives	State corporate tax	Quality of place & permitting
							Job creation grant		
Software development	Very High	High	Low		Low		Low	Low	Low
Shared services		Very High		Very Low	Low		Low	Low	Very Low
Advanced materials	Very High	High	Very Low	Very Low		Very High	Low	Very High	
Food processing	High			Low	Very Low	Low	Very Low	Very Low	
Chemicals	Very High	Low	Very Low	Low	Low	Very High	Low	Very High	
Automotive	High	Very High	Very Low	Low	Low	Very Low	Low	Very Low	
Aerospace	Very Low	High	Very Low	Low	Low	Low	Low	Very Low	
Distribution center	Very Low	Very Low		Very Low	Very High		Very Low	Low	
Headquarters	Very Low	Very Low		Low	Very Low		Low	Low	High

- Skills development is impactful across the board
- Cluster development is often critical, and tends to move with skills
- Real estate is impactful for distribution centers¹
- Targeted incentives in chemicals and advanced materials, can be high impact

¹ Note that this is only for the initial screening of candidates, not the final decision. A core of high potential sites is critical to closing deals, but will have a lesser impact on getting screened out early in many investment profiles

Strategies

Priority initiatives

1 Push new boundaries as a US leader in IT 


- A. **Cyber attraction strategy** with dedicated outreach, attraction, and incentives
- B. **Cyber Campus:** Create a competition to create a cybersecurity campus with a mandate for research and training, dedicated industry partners and private sector applications
- C. **Early tech outreach:** Create K-12 tech “academy” helping students get familiar with tech and outreach for targeted STEM skills to promote interest as early as 9th grade
- D. **Community college tech pipeline expansion:** Engage to promote IT skills development
- E. **IP Hunt team:** Build capability to find and grow commercializable ideas

2 Assemble a world class transportation and logistics hub 

- A. **Port of opportunity:** Embrace technology, capital investment and site development to create a leading transportation hub at the Port of VA
- B. **Regulatory experimentation:** become the best state for testing the tech frontier and disruptive trends (e.g., autonomous vehicles) to support the next generation of transportation and logistics investments

3 Shift the State’s manufacturing base to be future ready 

- A. **Targeted attraction strategy** – develop levers to build clusters around anchor players in target regions and subsectors with appropriate discretionary spending for targets
- B. *Maintain inventory of sites with certification and evaluations and modernize online site tool*
- C. *Business retention and expansion program to protect and expand base and identify supply chain opportunities with local EDOs*

4 Create business services and operations COEs 

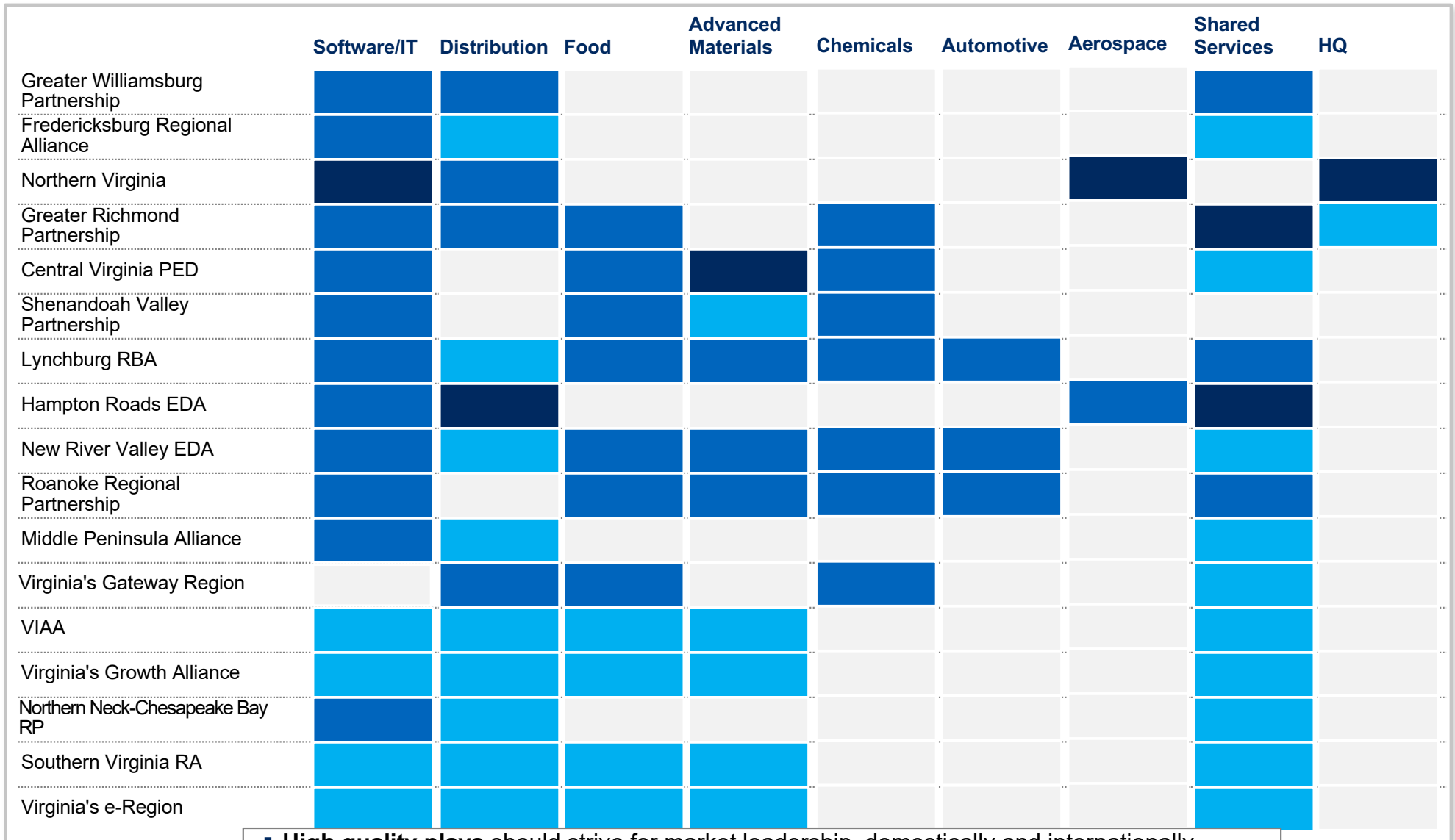
- A. **IT Big pushes:** Create coordinated university, workforce, quality of place and attraction investments in selected rural locations (e.g., UVA Wise, Pulaski downtown)
- B. *Cluster development through targeted anchor attraction across BTO, HQ and centers of excellence*

5 Capitalize on VA’s unique assets to become a leader in promising disruptive tech 

- A. **Tech transfer/startup hub** to deep dive and cultivate IP at universities and federal labs, and tee it up for entrepreneurs to run with
- B. **InnoVate team and brand** to develop and execute an innovation strategy for the state, including building a supportive innovation environment, in alignment with all key stakeholders

All regions in Virginia have a competitive value proposition in several industries, with a variety in the types of 'plays' they can consider

PRELIMINARY



- **High quality plays** should strive for market leadership, domestically and internationally
- **Middle market plays** should focus in cluster development and leveraging local assets
- **Value players** should focus on mid-sized, cost sensitive operations
- **IT, shared services, and distribution centers** have strong potential throughout Virginia

Executive Summary

Targeting high growth sectors

Investing in enablers

Potential impact

A competitiveness assessment of economic enablers highlighted several strengths for Virginia

Strengths



Human Capital

- **Known for its productive, educated population** (54% of the population between ages 25-64 and 37% with a Bachelor's degree or higher, compared to the U.S. at 52% and 31% respectively)
- Breeding ground for education, with above-average high school graduation rates, more students enrolled past K-12 than most peers, and the 2nd best university system in the US



Innovation & business development

- **Some of the best under-captured intellectual assets in the country** (16th in university patents but 30th in university license income, implying potential to further cultivate IP; competitive advantage in public sector IP with 2nd most federal labs in the country and limited existing tech transfer programs)
- **Foundation in young companies, presenting opportunities for potentially explosive growth** (27% of employment in young firms aged 0-5 years vs. peer average of 24%, 18th in nation for % of total firms aged 0-5 years)
- **Strong access to capital** (#3 in federal R&D investment with \$6.5B, recently #4 in US in VC dollars per capita with \$2B, #13 in US in PE investments/GDP)



Infrastructure

- **Significant foundational infrastructure** – 8 general aviation airports, 4 metros/ rails for its citizens, and the 3rd largest state roadway system in the US
- **Highly mobile population**, with 51% of workforce leaving county for work, vs 37% peer average
- **Strong position in freight, particularly with the Port of Virginia** (largest in cargo volume vs. peers, ranked 3rd largest port on East Coast)
- National leader in public private partnerships



Business climate

- History as a consistent national **leader in best states for business** (#6 in Forbes, #7 in CNBC), with a **tax-friendly environment for established businesses** (#17 in mature business friendliness)
- International **reputation as a great place to live and work**

¹ Secondary industries are goods producing industries (e.g., manufacturing), tertiary industries provide services to consumers (e.g., financial institutions, healthcare services, schools and restaurants)

The assessment also highlighted several challenges across enablers in the current state

Challenges



Human Capital

- **Workforce supply not matching demand, creating gaps across the workforce**
 - Unemployment for middle- and low-skill workers (5.5% and 9.5% respectively) and underemployment for high-skill workers (27% of Bachelor's+ degree holders working a job that does not require their highest degree)
 - At least partly driven by skills mismatches (~40% of currently unemployed job seekers are not trained in high demand fields, degree production not aligned with job demand e.g., computer/math makes up 14% of job demand but 1% of degrees)
- **VA' young, educated population is leaving the Commonwealth while its population is aging**
 - 24,000 negative net domestic migration includes ~50% with a Bachelor's or higher, and ~30% between the ages of 22-30
 - VA's share of 65+ population growing 50% in next 15 years) and labor force participation rate will drop below US averages for the first time



Innovation & business development

- **Focus on younger companies has steadily declined over the years**
 - Companies aged 0-5 years created 35% of employment in 2007 vs. 27% in 2014
 - **Low rate of new entrepreneurs** (0.21% rate is 44th in the nation and second lowest vs. peers)
 - **Less support for new businesses** (#30 in 2-, 5-, and 10-year survival rates for new businesses, #30 in small business lending per employee)
- **Low investment in knowledge generation for the next wave of innovation by private sector/universities**
 - #27 in private sector R&D investment
 - #28 in university R&D investment



Infrastructure

- **Infrastructure has not kept up with growth in demand and changing economic needs**
 - NOVA has the highest congestion cost per commuter in the US
 - #28 in road quality
 - Last vs. peers in public transportation service miles per rural area
 - Lack of basic internet access, particularly in last mile coverage (84% of VA households have internet access >25mbps vs. peer average of 90%, with several counties reporting low coverage rates)



Business climate

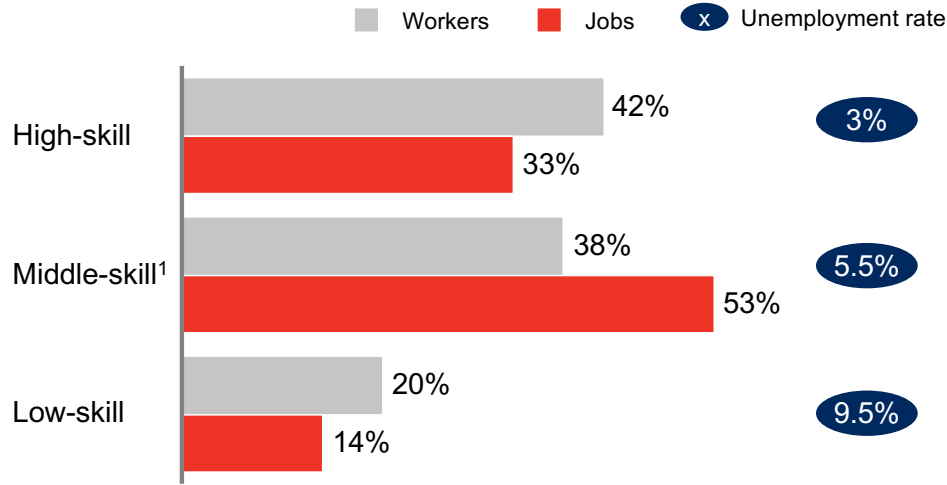
- **Declining position in business rankings and perception as premier destination, driven by new business costs, lack of economic growth, and not keeping up with citizen preferences**
 - Drop in rankings due to increasing business cost (e.g., #42 in labor cost, #38 in cost of land) and unfavorable trends in economic climate (e.g., #42 in GDP growth)
 - Consumer priorities in quality of life may be changing, skewing towards elements where VA is not as strong vs. peers (e.g., affordable cost of living is the top priority today when deciding where to live, while VA is ranked #34 in affordable cost of living)

Four priority areas emerged as underlying drivers for how Virginia can generate more economic growth through investing in economic enablers

1. Human capital

Supply/demand of high- and middle-skill workers are misaligned with unemployment rates and imply breaks in the workforce ecosystem

% of total workers and jobs, 2015

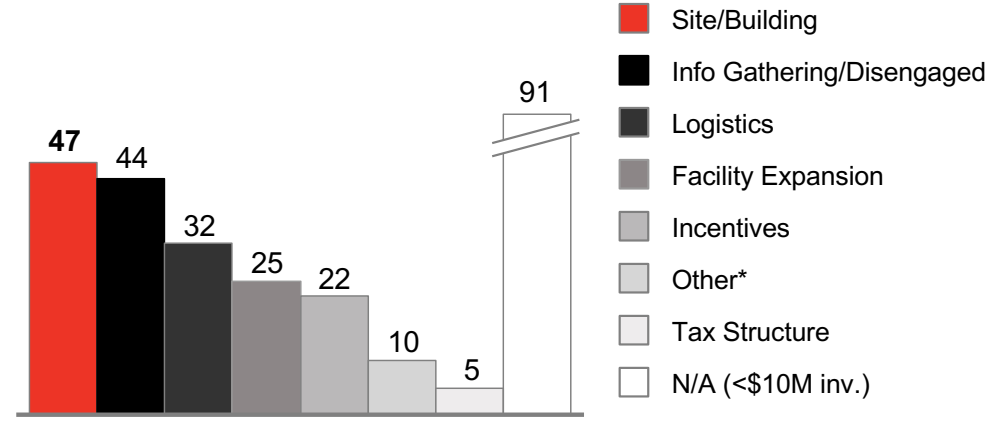


Source: National Skills Coalition

2. Site readiness

Virginia is losing major, job-creating investments because it lacks a robust pipeline of ready sites

Projects lost by reason, \$M



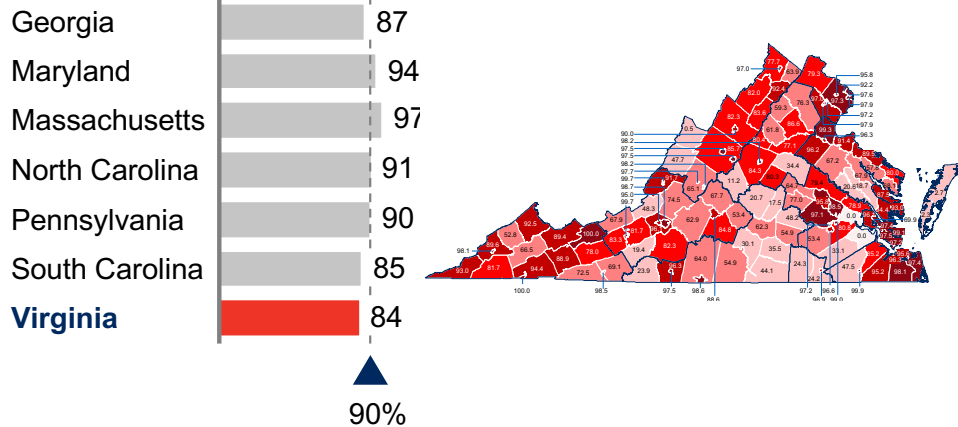
¹ Middle-skill jobs require more than a high school degree but less than a four year degree

Source: National Skills Coalition, 2012

3. Digital infrastructure

Virginia lags peers in access to basic broadband connectivity – with gaps in coverage in many areas despite high quality where it exists

Residential internet access >25Mbps download speed, % of population

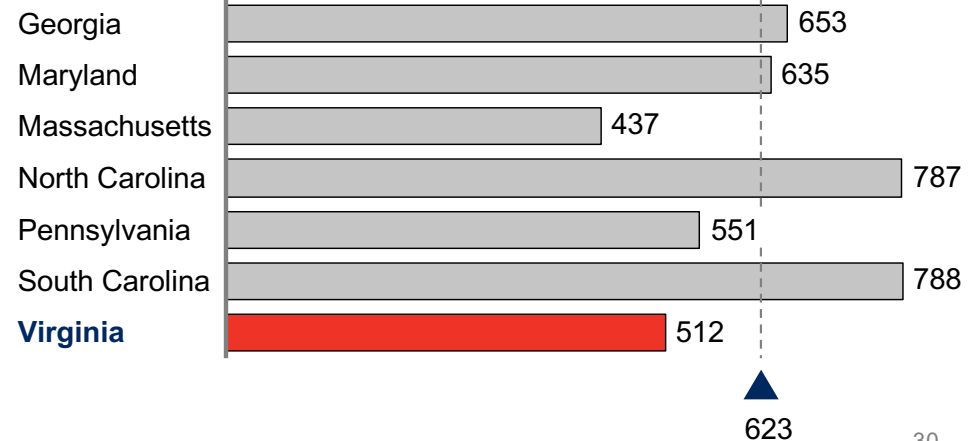


SOURCE: Broadbandmap.Gov (June 2014)

4. Cross-cutting, multi-sector efforts

Virginia lags peers in export volumes as a share of GDP, hindering job growth

Export-supported jobs per \$1B GDP



Source: IncentivesMonitor

Prioritizing signature initiatives across these four enabler-focused strategies can help stimulate VA's economic development



Human capital

Create a dynamic work-force ecosystem that aligns supply and market demand

- **Turnkey customized workforce solution** to provide new companies with the tailored workforce they need, and train job seekers for in-demand work
- **Labor market information infrastructure** to help individuals identify and pursue high-demand fields (including a skills profiler, training finder, job matching platform, and interactive career pathing tool for students)
- **Attraction/ retention of high demand credentials** through targeted debt forgiveness
- **Expansion of high need credentials** through out-of-school, interactive STEM programs for K-12 students
- **Employer partnerships** to boost skills-based hiring and help training providers learn and action employer demand (including VirginiaApprenticeships)



Site readiness

Improve investment preparedness by enhancing the pipeline of sites

- **Dedicated site improvement fund** attracting private capital to make patient investments to have a handful of high value sites fully prepped and in a portfolio, focusing on high demand site profiles (large plots for manufacturing, high quality office space, etc.)
- **Building development fund:** Provide an attractive financing method to enable communities to construct marketable, industrial shell buildings

Building digital infrastructure

Enhance broadband access throughout VA










- **Wired VA** – Put the State's full support behind broadband infrastructure, using competitions, creative financing, and regional collaboration

Cross-cutting, multi-sector efforts

Increase support for high value cross-sector areas

- **Expand trade development programming:** Increase investment in trade promotion, for example expand the VALET program, increase support of service-sector exports and connect VA companies with international import opportunities
- **Marketing the state:** Invest to create better awareness of Virginia as a premier business destination, anchoring on the state's distinctiveness in core sectors

Other states have successfully addressed these areas with targeted initiatives

	Activities	Impact
 Human capital	 <ul style="list-style-type: none"> ▪ Louisiana FastStart State-wide, turnkey workforce solution for companies who want to locate in Virginia 	<ul style="list-style-type: none"> ▪ 26,000 workers trained ▪ 175 companies ▪ 400,000 training hours
	 <ul style="list-style-type: none"> ▪ Project Exploration Out-of-school hands-on STEM education for underserved students in Chicago 	<ul style="list-style-type: none"> ▪ 250 public schools ▪ 60% of PE participants pursue STEM credentials
	 <ul style="list-style-type: none"> ▪ Workforce Credential Grant Program Pay-for-performance model for funding in-demand noncredit workforce training 	<ul style="list-style-type: none"> ▪ In 1 year, increase from 1,500 to 4,200 high demand credentials
	 <ul style="list-style-type: none"> ▪ Generation Global youth employment program creating rapid training for high-demand sectors 	<ul style="list-style-type: none"> ▪ 10,000 students have graduated ▪ 84% have found jobs
 Site readiness	 <ul style="list-style-type: none"> ▪ SC Power Team Site Readiness Fund Matching grant program with localities aimed at making sites competitive and market-ready 	<ul style="list-style-type: none"> ▪ \$121.7 M in site readiness investment enabled since 2014, including \$23.8 M in grants from the Site Readiness Fund
 Digital infrastructure	 <ul style="list-style-type: none"> ▪ NY State Broadband Initiative Using \$500m of the New York capital budget, invest in coverage and competition by providing up to a 80% match on broadband investment in underserved areas 	<ul style="list-style-type: none"> ▪ Phase 1 awarded \$54m to reach 36,171 homes and institutions ▪ Phase 2 awarded \$212m to reach 89,514 homes and institutions for cumulative coverage of 98% ▪ Phase 3 is making \$370m available beginning April of 2017, with the goal of reaching all remaining underserved locations

Executing enabler strategies will drive priority sector growth in Virginia

Enabler strategy Example sector initiatives affected *(non-exhaustive)*





Human capital

-  **Capture the cyber security 500 with dedicated outreach, attraction, and incentives**
-  **Build awareness around high-demand STEM fields** to create the pipeline for the **Cyber Campus**
-  **Build a precedent of responsive education** to support **community college tech pipeline expansion**
-  **Help job seekers identify upskilling opportunities** to create the workforce necessary to make **IT Big Pushes**
-  **Retain and attract entrepreneurial talent** to feed a **startup hub**



Site readiness

-  **Increase competitiveness of the Port of Opportunity by expanding supply of development-ready sites** in the immediate area
-  **Build a pipeline of attractive sites and shell buildings** to bolster the **targeted manufacturing attraction strategy**






Digital infrastructure

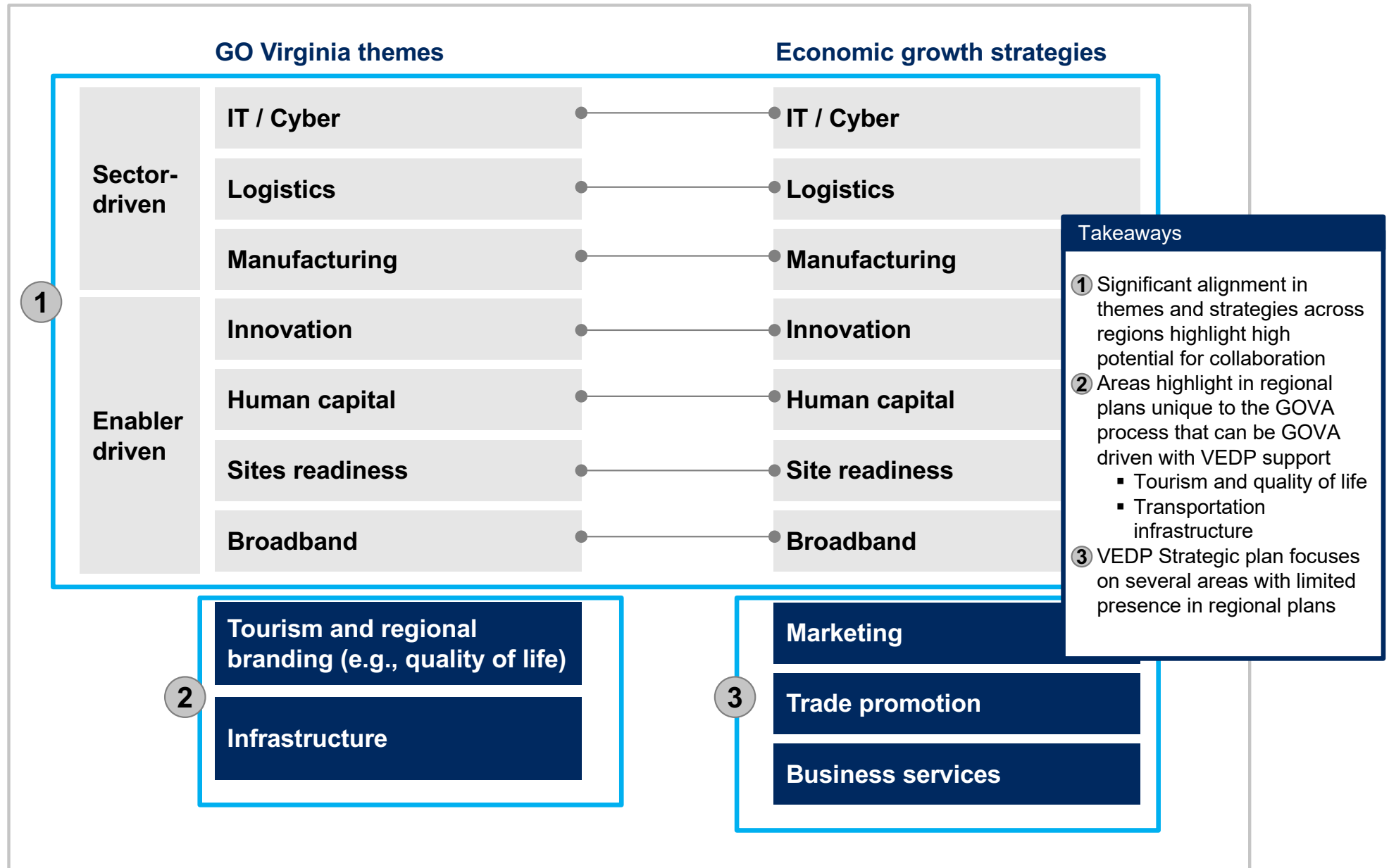
-  **Provide ubiquitous broadband access** to enable stronger **K-12 tech education**
-  **Build digital infrastructure** to support **innoVation throughout the State**



Cross-cutting, multi-sector efforts

-  **Support all sector initiatives** by creating a dedicated funding source through **ABC monetization**
-  **Improve marketing of the State's assets** to **capture the cyber security 500**
-  **Expand trade development programming** to boost exports and support the **targeted manufacturing attraction strategy**

There is significant alignment between themes in the regional plans and the strategies in the economic development strategies with a few unique elements



Executive Summary

Targeting high growth sectors

Investing in enablers

Potential impact

VEDP has 5 aspirational economic development goals for Virginia

■ Focus of today's discussion

- 1. Over time, position Virginia to rank in the top 10 states in the US for both employment growth and growth in median earned income of workers**
- 2. Ensure that every region in Virginia participates in the growth of the commonwealth (i.e., all in positive territory)**
3. Restore Virginia to its previous lofty perch in national business climate rankings of states (i.e., average in top 3)
4. Reestablish VEDP as America's premier state EDO
5. Do all of this in a very collaborative way, working closely with local, regional, and state partners

Analyzing historical and forecast scenarios for Virginia suggests potential to generate ~150K to ~475K jobs in target industries based on performance

PRELIMINARY

■ Low ■ High

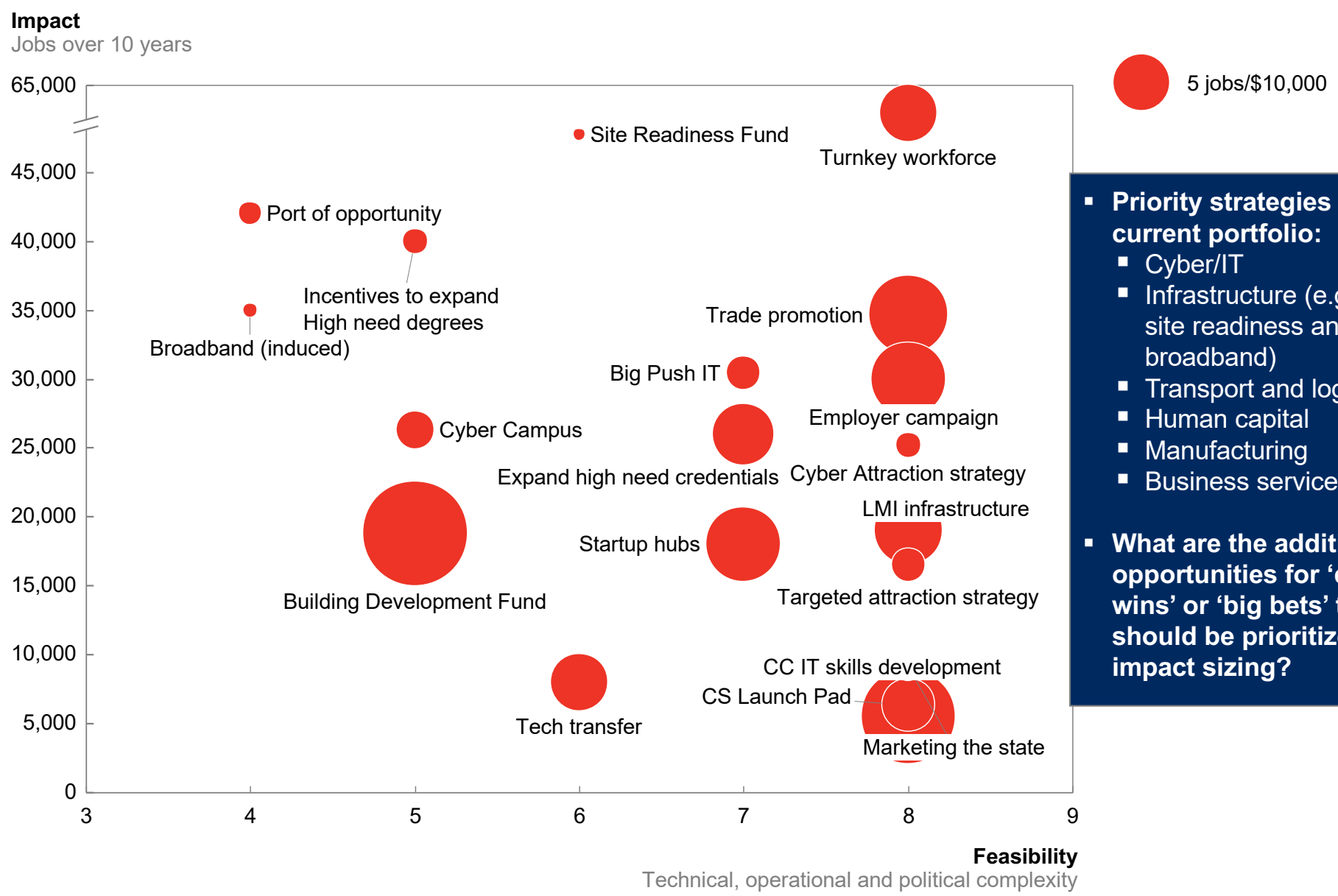
Sector Group	Industry	Total jobs, K, 2016	Baseline CAGR	Assumed CAGR for 2016-2026	Job creation over baseline ² , K
Push new boundaries as a US leader in IT	Information technology	176	2.2%	4-9%	410
	Transportation and wholesale	232	0.3%	1-2%	85
Create business services and operations centers of excellence	Business support services	25	2.7%	3-9%	40
	Management of companies	73	0.4%	~3%	23
Shift the State's manufacturing base to be high growth and future ready	Food manufacturing	31	-0.7%	~1%	10
	Aerospace, automotive, and maritime manufacturing	39	-0.4%	~1%	14
	Chemicals manufacturing	14	-1.0%	~0%	5
Total (range low - high)		589			153-587
% of aspiration goal		-			34% - 130%

1 Given scenario growth rate is lower than baseline rate, baseline rate was assumed for the sector

2 Based on respective jobs multiplier for each sector, average equal to 2.2x

Includes both direct and indirect job creation

Initial impact estimates of signature initiatives highlight potential prioritization and portfolio of initiatives based on impact and feasibility



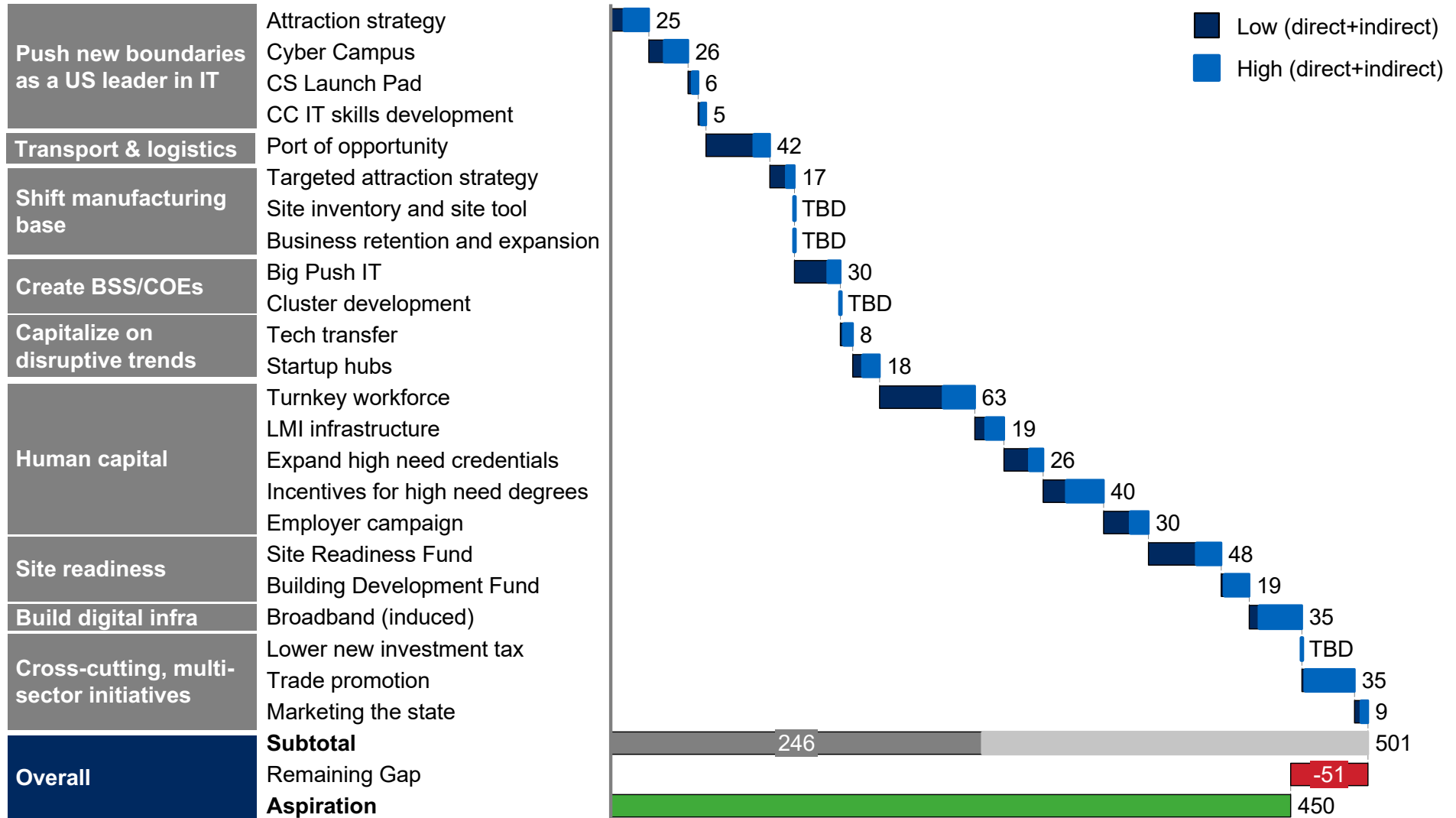
- **Priority strategies in the current portfolio:**
 - Cyber/IT
 - Infrastructure (e.g., site readiness and broadband)
 - Transport and logistics
 - Human capital
 - Manufacturing
 - Business services
- **What are the additional opportunities for 'quick wins' or 'big bets' that should be prioritized for impact sizing?**

1 Pending revision

Signature initiatives have the potential to get Virginia to its job growth target

PRELIMINARY

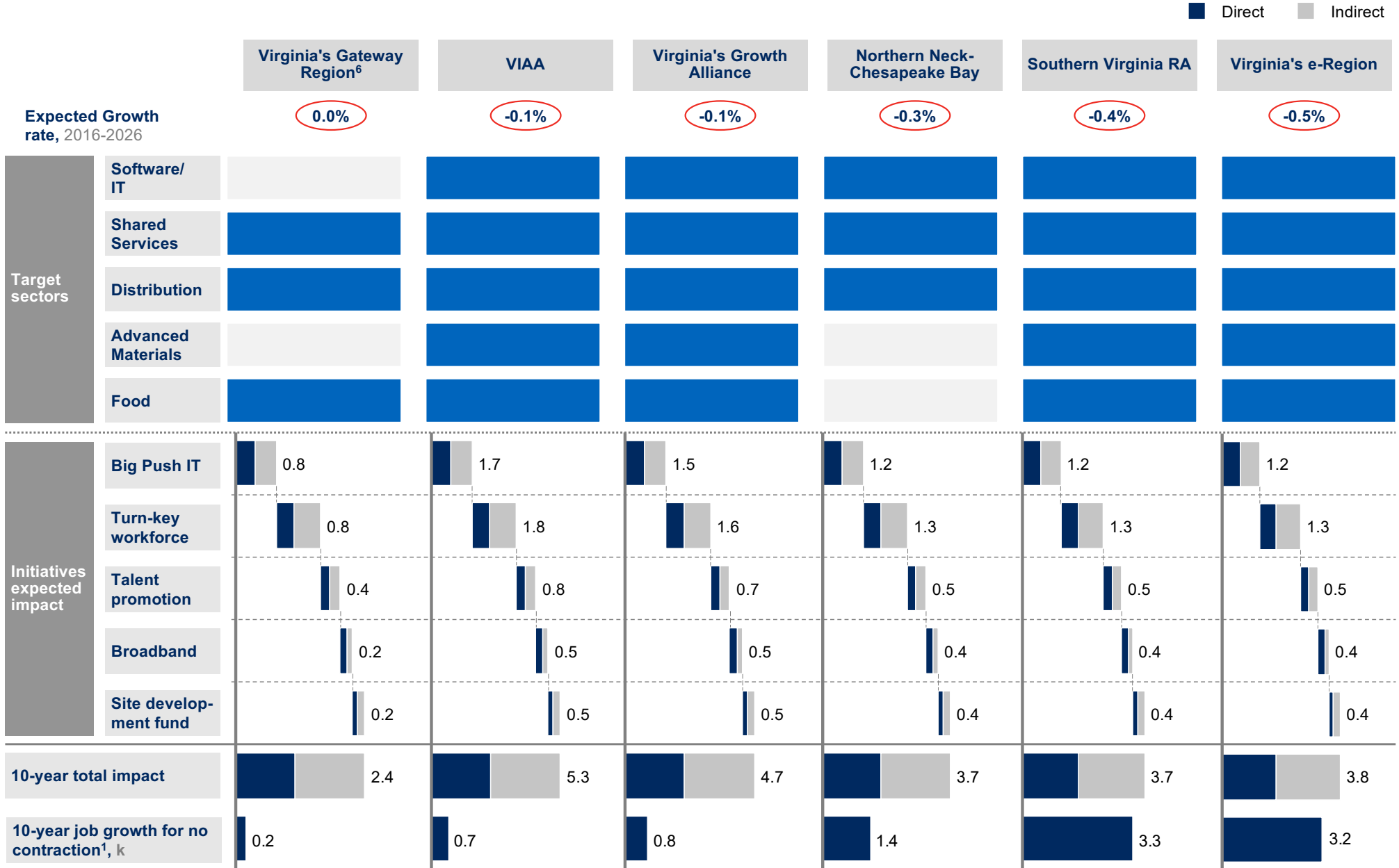
Impact estimates for priority initiatives over 10 years¹, thousands of jobs



¹ All estimates are preliminary, and will be subject to refinement

Rural “playbook” of target industry promotion and priority initiatives can achieve VA’s goal of ensuring no region is subject to economic decline

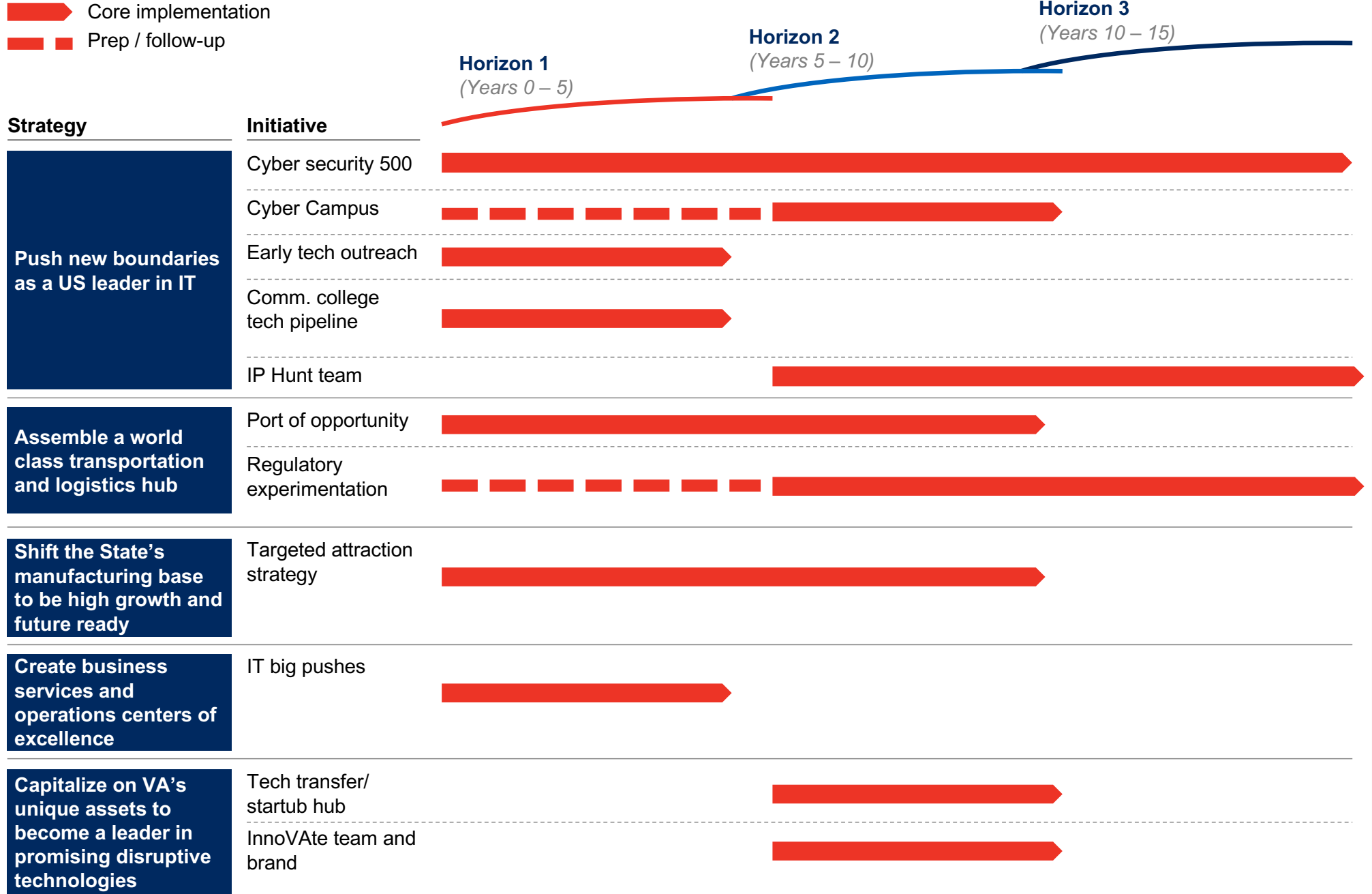
PRELIMINARY



1 Total jobs needed over 10 years to ensure region not subject to economic decline; 2 Analysis shows limited opportunities to capture value without specific synergies from company in question; 3 Quality of product is exceptional, but costs reflect that; 4 Cost is low, with room to improve on quality; 5 An attractive balance of competitive costs and quality; 6 Plus chemicals

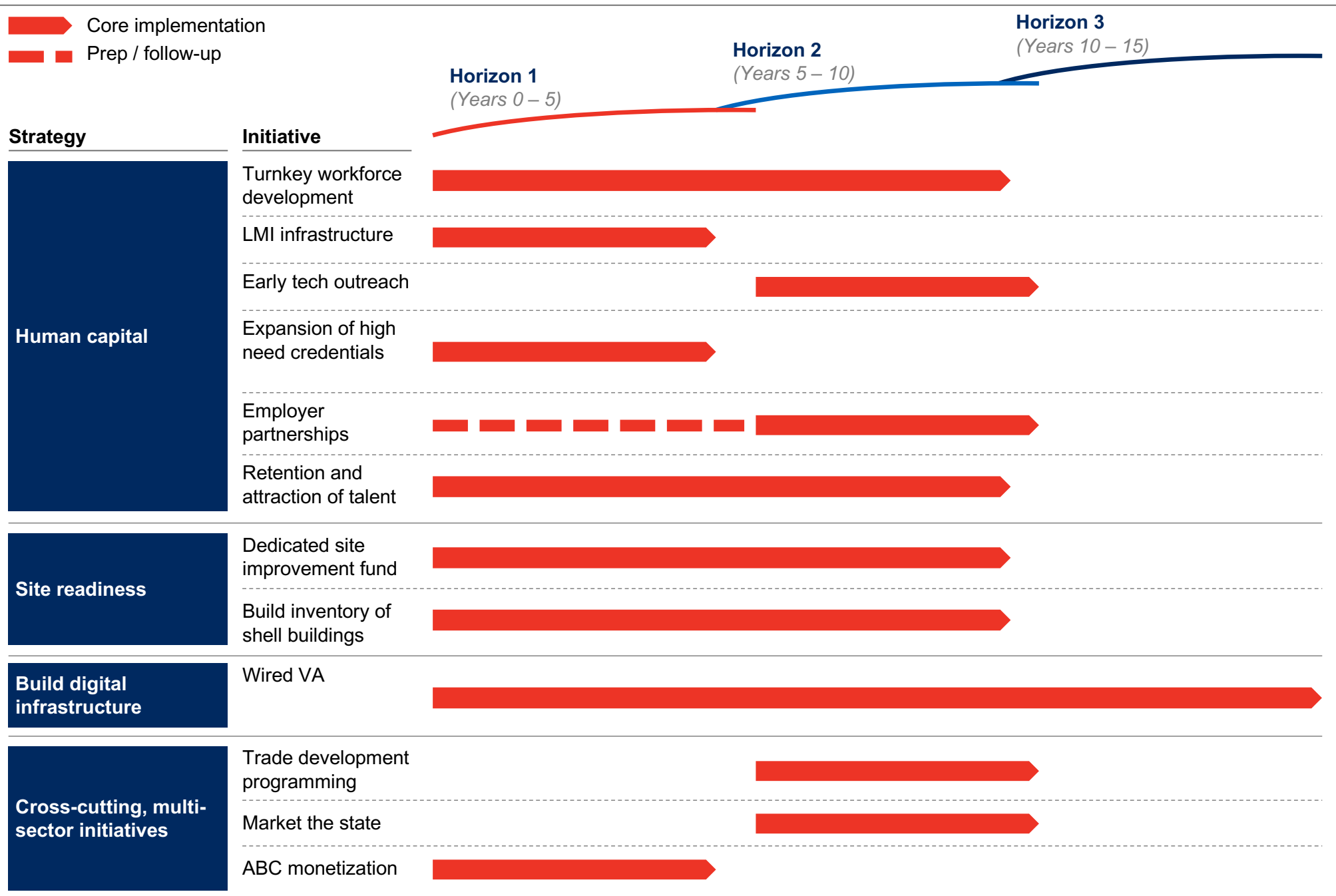
Opportunities should be prioritized and sequenced across 3 horizons; target high-impact, high-feasibility initiatives first (sector-driven)

PRELIMINARY



Opportunities should be prioritized and sequenced across 3 horizons; target high-impact, high-feasibility initiatives first (enabler-driven)

PRELIMINARY



DATE: August 3, 2020

TO: Board of Directors,
Frederick County Economic Development Authority

FROM: Patrick Barker, CEcD
Executive Director, Frederick County EDA

CC: Jay Tibbs
Deputy County Administrator

RE: Data Center Equipment Tax Rate Request

Northern Virginia is the largest data center market in the world. Estimates from 2018 reveal that the data center industry in Virginia directly provided approximately:

- 14,644 full-time-equivalent jobs with an average annual pay of \$126,000 (data center industry pay has increased twice as fast as the statewide average since 2001),
- \$1.9 billion in associated pay and benefits,
- \$4.5 billion in economic output.

Data centers pay millions of dollars in state and local taxes in Virginia, even though Virginia has a sales and use tax exemption on some equipment for data centers that are large enough to qualify for the exemption. In addition to the taxes paid directly by data centers, local governments and the Commonwealth collect tax revenue from the secondary indirect and induced economic activity that data centers generate. Estimates from 2018 forecast that data centers were directly and indirectly responsible for generating \$600.1 million in state and local tax revenue in Virginia.

Frederick County, and the rest of the Shenandoah Valley, have mostly been left out of Virginia's data center market. Seventy-five percent of data center employment was in Northern Virginia in 2018. The Shenandoah Valley accounted for only two percent.

Data center experts state that Virginia and the United States have not yet reached "peak data center." The expansion of artificial intelligence, machine learning, and augmented reality are all putting increasing demands on data centers. In addition, with the rollout of 5G technology to wireless networks, the shape of the industry will change. It is likely that the rate of growth of data center operations will be even greater than in the past.

Frederick County's time is now to acquire a share of the data center market. In consulting with project managers at the Virginia Economic Development Partnership and data center experts, the creation of a competitive tax structure for data center operations is one of the first steps for Frederick County to be competitive in this sector. Currently, data center prospects most always build in Loudoun County and then Prince William County.

One of the single most important reasons for northern Virginia's domination of the data center market is that it is right on the doorstep of Washington D.C., without actually being in the city.

Northern Virginia is one market where fiber connectivity is widely available. Another reason that Northern Virginia is a prime choice for data centers than other regions around the country is lower electricity costs. Ashburn and the rest of Data Center Alley have access to a pool of skilled, affordable labor that makes running a data center simpler and more affordable.

Frederick County must entice data centers to look further and bring their business into an area of low data center concentration with a combination of financial incentives (e.g. low taxes, competitive utility rates, and low-cost data center capacity).

Virginia enabling legislation regarding business personal property tax permits differentiation in tax treatment of data center equipment, both in method of valuation (Va. Code Sec. 58.1-3503(A)(17)) and in rate of taxation (Va. Code Sec. 58.1-3506(A)(43)). State law (Va. Code Sec. 58.1-3506(A)(43)) defines a “data center” as “a facility whose primary services are the storage, management, and processing of digital data, and is used to house: (i) computer and network systems, including associated components such as servers, network equipment and appliances, telecommunications, and data storage systems; (ii) systems for monitoring and managing infrastructure performance; (iii) equipment used for the transformation, transmission, distribution, or management of at least one megawatt of capacity of electrical power and cooling, including substations, uninterruptible power supply systems, all electrical plant equipment, and associated air handlers; (iv) Internet-related equipment and services; (v) data communications connections; (vi) environmental controls; (vii) fire protection systems; and (viii) security systems and services.”

Many localities in Virginia have already enacted tax structures per this enabling legislation and established tax rates for data center equipment. The following is a listing of potential competing localities and their data center rates.

Locality	Assessed value (% of original cost), by year	Rate/\$100
Fauquier County	60%, 40%, 20%, 10% min.	\$2.30
Henrico County	72%, 50%, 32%, 20%, 12%, 4% min.	\$0.87
Loudoun County	50%, 40%, 30%, 20%, 10% min.	\$4.20
Prince William County	50%, 35%, 20%, 10%, 5% min.	\$1.35
Stafford County	50%, 35%, 20%, 10%, 5% min	\$1.25

Currently, equipment at data center operations in Frederick County would be taxed at a tangible personal property tax rate of 30% of original value then \$4.86 per \$100. This creates significant cost differences between Frederick County and competing localities. For example, Frederick County’s five-year effective tax rate on data center operations would be \$1.46 per \$100 versus Prince William’s \$0.32, Loudoun’s \$1.26, Fauquier’s \$0.64, and Stafford’s \$0.30. Comparing Frederick County to Prince William County, for example, for every \$10,000,000 in equipment a data center has, the net tax amount in Frederick County would be \$567,000 more over 5 years, obviously creating a significant disincentive for a data center to locate in Frederick County.



Staff collaborated with the Commissioner of Revenue’s office on the following recommended rate structure for data center equipment.

Assessed value (% of original cost), by year	Rate/\$100
50%, 35%, 20%, 10%, 5% min.	\$1.25

This rate structure was selected based on a review of likely competing localities, discussions with State economic development officials and data center site location consultants. This rate structure would be lower than established data center counties of Prince William, Loudoun, and Fauquier. However, it should be noted that these counties boast vastly superior telecommunications infrastructure. As such, Frederick County needs to compensate for some of that difference with a lower data center equipment tax rate, coupled with the County’s lower land costs and real estate taxes.

A hypothetical example of a data center project illustrates Frederick County’s financial competitive edge with the recommended rate structure for data centers. The underlying assumption for the example is a 150,000 square foot facility with capital investment of \$267 million — \$9.75 million in real estate, \$77.8 million in data center infrastructure, and \$180 million in servers, which are typically refreshed every 4 to 5 years. Data center infrastructure is typically comprised of generators, UPS, power distribution units, air conditioning, cooling towers, and chiller plants.

Locality	5 Year Revenue\Tax Liability	10 Year Revenue\Tax Liability
Frederick County <i>(current)</i>	\$19,087,350	\$38,174,700
Frederick County <i>(recommendation)</i>	\$5,176,125	\$9,091,469
Fauquier County	\$10,854,125	\$19,270,825
Loudoun County	\$19,850,906	\$35,680,313
Henrico County	\$2,773,785	\$4,872,910
Prince William County	\$5,857,706	\$10,353,769
Stafford County	\$5,351,625	\$9,442,469

Staff is seeking a feedback from the EDA Board on the proposed concept. If the EDA Board is supportive of this proposal, staff is seeking EDA Board action to recommend the proposed rate change and forward this recommendation to the County’s Finance Committee for further evaluation and discussion.



DATE: August 3, 2020

TO: Board of Directors,
Frederick County Economic Development Authority

FROM: Patrick Barker, CECD
Executive Director

CC: Jay Tibbs
Deputy County Administrator

RE: County CARES Business Grant Program

Through the State, Frederick County has received \$7,792,215 from the Coronavirus Aid, Relief and Economic Security (CARES) Act Federal funding. The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The United States Department of Treasury's Guidance on CARES Act stated that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. Governments have discretion to determine what payments are necessary. Any program that is aimed at assisting small businesses should be tailored to meeting the needs of those businesses. A grant to a small business to reimburse the costs of business interruption caused by required closures would be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance.

The Guidance also permits such grants to non-profits. Those that are either 501c3 or 501c19 are eligible to receive funds, should a locality desire.

Like many other communities in the Commonwealth, Frederick County has indicated a desire allocate some of its CARES funding for this eligible expenditure. Formal acceptance, appropriation and direction on the County's CARES funding will occur at the August 12, 2020 meeting of the Frederick County Board of Supervisors. The current CARES spending plan from

the County allocates \$525,000 for a business grant program. The value may rise with the release of additional CARES funding to localities from the Governor's office.

In preparation for the Frederick County Board of Supervisors' action on CARES Funding, staff is seeking feedback from the EDA Board on regarding on to the overall program and key elements to the potential business grant program. This feedback will enable a faster program launch, if approved.

Staff has attached a working draft for this program, named Forward Frederick. This draft has pulled heavily from those Virginia's localities program considered to be best in class.

- Does the EDA Board desire to serve as the vehicle to implement this program?
 - Options | Yes or No
 - Staff recommendation | Yes, aligns with other localities use of CARES funding and many businesses (profit and non) looking for assistance during these unprecedented times.
- Who should be eligible for any business grant program?
 - Options | For profit businesses, Nonprofit entities, or both
 - Staff recommendation | For Profit and 501c3 and 501c19 non-profit organizations, home-based businesses, sole proprietors, LLCs, corporations and S-Corps, locally owned franchise businesses located in Frederick County (locations will be aggregated for total revenue)

Localities in Virginia have launched similar programs with varying eligibility requirements. Some have included both for profit and non-profit organizations, some have first permitted only for profit then, if funds remain, nonprofits could apply for the remainder of the funding. Others have set-aside a certain portion of their program funding exclusively for nonprofits. The County's CARES committee expressed a desire for-profit and nonprofit entities be eligible at our program's launch.

- Who should NOT be eligible for any business grant program?
 - Options | Businesses engaged in speculation or investment in rental real estate and/or businesses determined to be ineligible businesses under SBA guidelines (full list attached).
 - Staff recommendation | both



- How should grants be allocated?
 - Options | Sliding scale, based on annual gross revenues, sliding scale, based on employment totals on March 1, 2020, or flat amount for all.
 - Staff recommendation | based on annual gross revenues for 2019.
 - Annual Gross Revenues of \$30,000 to \$49,999 are eligible for a grant in the amount of \$5,000
 - Annual Gross Revenues of \$50,000 to \$199,999 are eligible for a grant in the amount of \$7,500;
 - Annual Gross Revenues \$200,000 to \$3 million are eligible for a grant in the amount of \$10,000.

- What other eligibility criteria should be included?
 - Length to be in operation in Frederick County
 - Staff recommendation | Must have been in business for a minimum of 2 years
 - Maximum annual gross revenues for the 2018 and 2019 calendar years
 - Staff recommendation | No more than \$3 million in gross revenues
 - Demonstrated loss attributed to COVID-19
 - Staff recommendation | At least a 25% loss in revenue

Staff is seeking feedback from the EDA Board regarding key elements of the program and that Board's willingness to administer the program. If the EDA Board desires to move forward with this proposal, staff will work with the EDA's legal counsel to finalize an application and all other relevant legal documents.



Forward Frederick | COVID Business Grant Program

Forward Frederick is designed to provide immediate financial assistance to Frederick County's small businesses and non-profits impacted by the COVID-19 pandemic. The grant program would provide grants of \$5,000, \$7,500, or \$10,000 to businesses with annual gross revenues of less than \$3 million. Businesses may use grants for employee salaries and benefits, and other business capital and operating expenses directly related to the immediate impacts of COVID-19. The grant program will initially be funded with \$525,000 budgeted by the Board of Supervisors from the County's Coronavirus Relief Funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Eligibility Conditions

To be eligible, a business must be

- For profit
- 501c3 or 501c19 non-profit organizations
 - must have IRS Form 990 from 2018 or 2019
- Home-based businesses
- Sole proprietors
- LLCs, Corporations and S-Corps
- Locally owned Franchise businesses located in Frederick County (locations will be aggregated for total revenue). Only one grant regardless of the number of locations in the county.
- Gross revenue must be under \$3.0M for 2019 calendar year
- Business has been valid Business, Professional and Occupational Licenses (BPOL) issued by Frederick County prior to March 1, 2019.
- Must have one or more physical locations in Frederick County, including the principal place of business;
- Experienced at least a 25% decline in gross revenues attributable to the COVID-19 pandemic and must document this gross revenue decline in financial statement

Grant Amounts

Grant amounts will be awarded to eligible businesses on a sliding scale, based on Annual Gross Revenues from 2019:

- Annual Gross Revenues of \$30,000 to \$49,999 are eligible for a grant in the amount of \$5,000
- Annual Gross Revenues of \$50,000 to \$199,999 are eligible for a grant in the amount of \$7,500;
- Annual Gross Revenues \$200,000 to \$3 million are eligible for a grant in the amount of \$10,000.

Businesses Not Eligible

- Businesses engaged in speculation or investment in rental real estate
- Businesses identified as ineligible businesses under SBA guidelines

Terms and Conditions

Applications will be accepted from noon X, 2020, through noon on Y, 2020. Grant recipients will be chosen by a random drawing of all eligible and certified applications on or around Z, 2020. All applications and materials submitted will be public records and subject to the Freedom of Information Act (FOIA). Documents identified as proprietary (i.e. financial) are exempt under FOIA. Application for the grant constitutes an unconditional agreement to and acceptance of the Terms and Conditions. The Applicant is responsible for ensuring his or her familiarity with the Terms and Conditions.

- By submitting an application, the Applicant certifies that it is not under any agreement or restriction that prohibits or restricts its ability to disclose or submit the materials included in the application or otherwise to apply for a grant.
- Applicants acknowledge and agree that if awarded a grant, the name of company and grant amount can be used by the County or the EDA in the promotion of the grant program and will be displayed on a public webpage(s) showcasing selected businesses.
- Applicants certify that all answers submitted in the application are true and accurate and that funds will be expended to cover costs the business incurred as a result of closure due to COVID-19.
- In consideration of the time, expertise and other resources provided by the County and the EDA, the Applicant, to the full extent permitted by law, by submitting an application voluntarily releases the EDA and the County of Frederick from any and all claims, actions, damages, costs or liabilities of any kind relating to or arising from or in connection with the awarding of grant funds and shall hold the County and the EDA harmless from any claim arising from the applicant's misuse of the grant funds.

Application Process

- The application will be posted online beginning X at 12 pm. The application will be open for 5 business day) days ending on Y at 12 pm.
- Applications will be reviewed for eligibility and completeness by a designated review panel comprised of a diverse group of individuals from the Frederick County EDA, Frederick County, and the Lord Fairfax Small Business Development Center.
- Grant awards will be chosen through a random, witnessed selection process in X.
- In X, all grant applicants will be notified by email from Frederick County EDA whether they are receiving a grant award.
- Grant applicants will be required to agree to the terms and conditions when submitting the application

Showing the 25% Decline From COVID

You will be required to submit documentation to show eligibility. Documentation will include:

- Latest filed 2 years tax returns (2018 and 2019):
 - **Sole Proprietorship** Form 1040 or 1040-SR Schedule C, Profit or Loss from business
 - **Farming** Form 1040 or 1040-SR Schedule F, Profit or Loss from Farming.
 - **Partnership** Form 1065, U.S. Return of Partnership Income (**Page 1 Only**).
 - **Corporation** Form 1120, U.S. Corporation Income Tax Return (**Page 1 Only**).
 - S Corporation Form 1120-S, U.S. Income Tax Return for an S Corporation (Page 1 Only).
- IRS W-9
- Financial Statement of Impact, which compare revenues pre and post COVID-19
- A 2020 Profit and Loss Statement
- 6- and 12-month cash flow analysis

Coronavirus (COVID-19): Relief options and Additional Resources [CLICK HERE](#)

Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending, or where the owner is on parole.

Specific types of businesses not eligible include:

Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.

Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business.

Dealers of rare coins and stamps are not eligible.

Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (not agents), and any other firm whose stock in trade is money.

Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants. Such products as cosmetics, household goods, and other soft goods lend themselves to this type of business.

Firms involved in illegal activities that are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that permits illegal prostitution.

Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority.

Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives are not eligible.